SAMARITAN PHARMACEUTICALS INC
Form 10-Q
August 13, 2007

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

Form 10-Q

[x] Quarterly Report Pursuant To SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT of 1934

For The Quarterly Period Ended June 30, 2007

( ) TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ____to____

Commission File Number 001-32287

Samaritan Pharmaceuticals, Inc.
(Exact name of registrant as specified in charter)

Nevada	88-0431538
(State or other jurisdiction of Incorporation or organization)	(I.R.S. Employer Identification No.)

101 Convention Center Drive, Suite 310, Las Vegas, Nevada 89109
(Address of principal executive offices) (Zip)

(702) 735-7001
Issuer's telephone number, including area code

Former Name, Former Address and Former Fiscal Year, if changed Since Last Report

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes[x] No[ ]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer.

Large accelerated filer [ ] Accelerated filer [ ] Non-accelerated filer [x]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes[ ] No[x]

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes[x] No[ ]

The number of shares of common stock issued and outstanding as of August 13, 2007 was 27,711,200.

SAMARITAN PHARMACEUTICALS, INC.
(A DEVELOPMENT STAGE COMPANY)

CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

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SAMARITAN PHARMACEUTICALS, INC.
(A DEVELOPMENT STAGE COMPANY)

CONSOLIDATED BALANCE SHEETS

(UNAUDITED)
As of June 30, 2007 (unaudited) and December 31, 2006 (audited)

ASSETS

	6/30/2007	12/
CURRENT ASSETS:		
Cash and cash equivalents	$ 393,659	$
Inventory, pharmaceutical product	119,699	
Receivable from license collaberation	1,301,742	
Receivable from overseas product sales	408,657	
Note receivable	250,000	
Interest receivable	85,973	
Prepaid expenses	438,416	
TOTAL CURRENT ASSETS	2,998,146	
PROPERTY AND EQUIPMENT	92,662	
OTHER ASSETS:		
Patent registration costs	1,263,937	
Purchased technology rights	238,574	
Deposits	2,779	
TOTAL OTHER ASSETS	1,505,290	
	$ 4,596,098	$

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES:		
Accounts payable	$ 650,628	$
Accrued expenses	785,226	
Accounts payable to be settled through issuance of stock	-	
TOTAL CURRENT LIABILITIES	1,435,854	
SHAREHOLDERS' EQUITY:		
Preferred stock, 5,000,000 shares authorized at $.001 par value, -0- issued and outstanding	-	
Common stock, 41,666,667 shares authorized at $.001 par value, 27,709,577 and 26,108,785 issued and outstanding	27,710	
Additional paid-in capital	44,299,215	
Common stock to be issued	-	
Treasury stock	(250,248)	
Accumulated other comprehensive income	44,056	
Accumulated deficit during development stage	(40,960,489)	(
TOTAL SHAREHOLDERS' EQUITY	3,160,244	

	$ 4,596,098	$

See accompanying notes to the consolidated financial statements (unaudited)

SAMARITAN PHARMACEUTICALS, INC.
(A DEVELOPMENT STAGE COMPANY)

CONSOLIDATED STATEMENTS OF OPERATIONS & COMPREHENSIVE INCOME
(UNAUDITED)
FROM INCEPTION (SEPTEMBER 5, 1994) TO JUNE 30, 2007
AND FOR THE THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 2007 AND 2006

	From Sep. 5, 1994 To June 30, 2007	For the Six Months June 30	
		2007	2006
	(Unaudited)	(Unaudited)	(Unaudited)
REVENUES:			
Pharmaceutical sales	$ 408,811	$ 408,811	$ -
Licensing rights	2,701,742	2,701,742	-
Consulting	300,000	-	-
Government research grants	289,226	-	21,793
	3,699,779	3,110,553	21,793
EXPENSES:			
Cost of goods sold	287,835	287,835	-
Research and development	15,378,460	971,636	2,099,709
Interest, net	(93,589)	(15,049)	(16,527)
General and administrative	27,963,721	1,427,389	1,316,743
Depreciation and amortization	1,492,971	90,089	69,822
Other income	(369,130)	-	3,160
	44,660,268	2,761,900	3,472,907
NET INCOME (LOSS)	(40,960,489)	348,653	(3,451,114)
Other Comprehensive Income (Loss):			
Unrealized gain on marketable securities	-	-	3,933
Foreign translation adjustment	44,056	(12,545)	43,740
Total Comprehensive Loss	$ (40,916,433)	$ 336,108	$ (3,403,441)

Loss (earnings) per share			
	Basic	$ 0.01	$ (0.15)
	Diluted	$ 0.01	$ (0.15)
Weighted average number of shares outstanding:			
	Basic	26,583,618	23,398,262
	Diluted	26,583,618	23,398,262

See accompanying notes to the consolidated financial statements (unaudited)

SAMARITAN PHARMACEUTICALS, INC.
(A DEVELOPMENT STAGE COMPANY)
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (DEFICIT)
FROM INCEPTION (SEPTEMBER 5, 1994) TO June 30, 2007

	Number of Shares	Par Value Common Stock	Shares Reserved for Conversion	Additional Paid in Capital	S b
Inception at September 5, 1994	-	$ -	$ -	$ -	$
Shares issued for cash, net of offering costs	1,014,231	1,014	-	635,076	
Warrants issued for cash	-	-	-	-	
Shares issued as compensation for services	119,083	119	-	1,428,881	
Net loss	-	-	-	-	
December 31, 1996 (Unaudited)	1,133,314	1,133	-	2,063,957	
Issuance of stock, prior to acquisition	34,392	34	-	371,121	
Acquisition of subsidiary for stock	250,500	251	-	46,445	
Shares of parent redeemed, par value $.0001	(1,418,206)	(1,418)	-	1,418	
Shares of public subsidiary issued, par value $.001	1,281,615	1,282	820	(2,102)	
Net loss	-	-	-	-	
December 31, 1997 (Audited)	1,281,615	1,282	820	2,480,838	
Conversion of parent's shares	116,004	116	(696)	580	

Shares issued for cash, net of offering costs	115,583	116	-	605,763	
Shares issued in cancellation of debt	87,500	88	-	524,913	
Shares issued as compensation	66,667	67	-	349,933	
Net loss	-	-	-	-	
December 31, 1998 (Audited)	1,667,369	1,667	124	3,962,027	
Conversion of parent's shares	2,167	2	(13)	11	
Shares issued in cancellation of debt	5,000	5	-	29,995	
Shares issued for cash, net of offering costs	7,500	8	-	41,405	
Shares issued as compensation	594,875	595	-	465,087	
Detachable warrants issued	-	-	-	-	
Detachable warrants exercised	16,667	17	-	148,983	
Debentures converted to stock	280,408	280	-	641,840	
Net loss	-	-	-	-	
December 31, 1999 (Audited)	2,573,985	2,574	111	5,289,348	
Conversion of parent's shares	21,492	21	(111)	90	
Shares issued for cash, net of offering costs	262,532	263	-	859,772	
Shares issued in cancellation of debt	145,833	146	-	661,648	
Shares issued in cancellation of accounts payable	16,667	17	-	31,248	
Shares issued as compensation	563,158	562	-	2,557,905	
Warrants exercised	6,468	6	-	3,119	
Warrants expired	-	-	-	5,000	
Net loss	-	-	-	-	
December 31, 2000 (Audited)	3,589,135	3,589	-	9,408,129	
Shares issued for cash, net of offering cost	1,082,848	1,083	-	1,263,172	
Shares issued as compensation	1,527,033	1,527	-	1,566,234	
Shares issued for previously purchased shares	57,101	57	-	188,493	
Shares issued in cancellation of accounts payable	33,333	33	-	69,047	
Amortization of deferred compensation	-	-	-	-	
Stock options issued for services	-	-	-	439,544	
Net loss	-	-	-	-	
December 31, 2001 (Audited)	6,289,450	6,289	-	12,934,619	

See accompanying notes to the consolidated financial statements (unaudited)

SAMARITAN PHARMACEUTICALS, INC.
(A DEVELOPMENT STAGE COMPANY)
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (DEFICIT)
FROM INCEPTION (SEPTEMBER 5, 1994) TO June 30, 2007
CONTINUED

	Deferred Compensation	Accumulated Other Comprehensive Income	Stock Subscriptions Receivable	Treasury Shares	Acc De

Inception at September 5, 1994	$ -	-	$ -	$ -	$
Shares issued for cash, net of offering costs	-	-	-	-	
Warrants issued for cash	-	-	-	-	
Shares issued as compensation for services	-	-	-	-	
Net loss	-	-	-	-	(2
December 31, 1996 (Unaudited)	-	-	-	-	(2
Issuance of stock, prior to acquisition	-	-	-	-	
Acquisition of subsidiary for stock	-	-	-	-	
Shares of parent redeemed, par value $.0001	-	-	-	-	
Shares of public subsidiary issued, par value $.001	-	-	-	-	
Net loss	-	-	-	-	
December 31, 1997 (Audited)	-	-	-	-	(3
Conversion of parent's shares	-	-	-	-	
Shares issued for cash, net of offering costs	-	-	-	-	
Shares issued in cancellation of debt	-	-	-	-	
Shares issued as compensation	-	-	-	-	
Net loss	-	-	-	-	(1
December 31, 1998 (Audited)	-	-	-	-	(4
Conversion of parent's shares	-	-	-	-	
Shares issued in cancellation of debt	-	-	-	-	
Shares issued for cash, net of offering costs	-	-	-	-	
Shares issued as compensation	-	-	-	-	
Detachable warrants issued	-	-	-	-	
Detachable warrants exercised	-	-	-	-	
Debentures converted to stock	-	-	-	-	
Net loss	-	-	-	-	(1
December 31, 1999 (Audited)	-	-	-	-	(5
Conversion of parent's shares	-	-	-	-	
Shares issued for cash, net of offering costs	-	-	-	-	
Shares issued in cancellation of debt	-	-	-	-	
Shares issued in cancellation of accounts payable	-	-	-	-	
Shares issued as compensation	(759,560)	-	-	-	
Warrants exercised	-	-	-	-	
Warrants expired	-	-	-	-	
Net loss	-	-	-	-	(3
December 31, 2000 (Audited)	(759,560)	-	-	-	(9
Shares issued for cash, net of offering costs	-	-	-	-	
Shares issued as compensation	(230,512)	-	-	-	
Shares issued for previously purchased shares	-	-	-	-	

Shares issued in cancellation of accounts payable	-	-	-	-	
Amortization of deferred compensation	495,036	-	-	-	
Stock options issued for services	-	-	-	-	
Net loss	-	-	-	-	(4
December 31, 2001 (Audited)	(495,036)	-	-	-	(13

See accompanying notes to the consolidated financial statements (unaudited)

SAMARITAN PHARMACEUTICALS, INC.
(A DEVELOPMENT STAGE COMPANY)
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (DEFICIT)
FROM INCEPTION (SEPTEMBER 5, 1994) TO June 30, 2007
CONTINUED

	Number of Shares	Par Value Common Stock	Shares Reserved for Conversion	Additional Paid in Capital	S b
Shares issued for cash, net of offering costs	3,109,583	3,110	-	2,093,189	
Shares issued as compensation	640,088	640	-	1,047,386	
Shares issued for previously purchased shares	8,333	8	-	4,992	
Shares issued in cancellation of accounts payable	710,864	711	-	542,845	
Amortization of deferred compensation	-	-	-	-	
Stock options issued for services	-	-	-	225,000	
Net loss	-	-	-	-	
December 31, 2002 (Audited)	10,758,318	10,758	-	16,848,031	
Shares issued for cash, net of offering costs	2,915,611	2,916	-	2,406,873	
Shares issued as compensation	677,139	677	-	553,165	
Shares issued for previously purchased shares	193,452	193	-	162,307	
Shares issued in cancellation of accounts payable and accrued compensation	1,602,645	1,603	-	3,456,963	
Shares issued in connection with equity financing	520,833	521	-	(521)	
Exercise of stock options	1,295,149	1,295	-	1,118,553	
Shares reacquired in settlement of judgement	(260,675)	(261)	-	250,509	
Stock options issued for services	-	-	-	145,000	
Net loss	-	-	-	-	
December 31, 2003 (Audited)	17,702,472	17,702	-	24,940,880	
Shares issued for cash, net of offering costs	1,904,456	1,904	-	4,299,034	
Shares issued as compensation, expensed	346,875	347	-	1,790,131	
Amortization of deferred compensation	-	-	-	-	
Shares issued for previously					

purchased shares	13,889	14	-	12,486	
Exercise of stock options	2,825,078	2,825	-	4,855,995	
Exercise of warrants	105,833	106	-	449,894	
Shares issued in connection with equity financing	1,459,707	1,460	-	3,098,541	
Stock retired in settlement of subscriptions receivable	(2,311,609)	(2,312)	-	(5,976,356)	
Shares reacquired in settlement of judgement	(41,667)	(42)	-	(231,308)	
Stock options issued for services	-	-	-	567,771	
Other comprehensive income (loss)	-	-	-	-	
Net Loss	-	-	-	-	
December 31, 2004 (Audited)	22,005,033	22,005	-	33,807,068	
Shares issued as compensation, expensed	66,483	66	-	197,117	
Amortization of deferred compensation	-	-	-	-	
Exercise of stock options	28,333	28	-	31,472	
Shares issued in connection with equity financing	711,196	711	-	1,603,029	
Stock options issued for services	-	-	-	65,052	
Other comprehensive income (loss)	-	-	-	-	
Net loss	-	-	-	-	
December 31, 2005 (Audited)	22,811,046	22,811	-	35,703,738	
Shares issued for cash, net of offering cost	1,202,083	1,202	-	2,043,798	
Common stock to be issued	-	-	-	-	
Amortization of deferred compensation	-	-	-	-	
Exercise of stock options	75,154	75	-	64,425	
Shares issued in connection with equity financing	2,020,501	2,021	-	4,192,753	
Stock options issued for services	-	-	-	220,366	
Other comprehensive income (loss)	-	-	-	-	
Net loss	-	-	-	-	
December 31, 2006 (Audited)	26,108,785	26,109	-	42,225,080	
Common stock to be issued	-	-	-	-	
Shares issued for cash, net of offering costs	889,167	889	-	799,361	
Shares issued in cancellation of accounts payable	391,625	392	-	747,169	
Shares issued in connection with equity financing	320,000	320	-	479,680	
Stock options issued for services	-	-	-	47,925	
Other comprehensive income (loss)	-	-	-	-	
Net income	-	-	-	-	
June 30, 2007 (Unaudited)	27,709,577	$ 27,710	$ -	$44,299,215	$

See accompanying notes to the consolidated financial statements (unaudited)

SAMARITAN PHARMACEUTICALS, INC.
(A DEVELOPMENT STAGE COMPANY)
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (DEFICIT)

FROM INCEPTION (SEPTEMBER 5, 1994) TO June 30, 2007
CONTINUED

	Deferred Compensation	Accumulated Other Comprehensive Income	Stock Subscriptions Receivable	Treasury Shares	Acc De
Shares issued for cash, net of offering costs	-	-	-	-	
Shares issued as compensation	-	-	-	-	
Shares issued for previously purchased shares	-	-	-	-	
Shares issued in cancellation of accounts payable	-	-	-	-	
Amortization of deferred compensation	495,036	-	-	-	
Stock options issued for services	-	-	-	-	
Net loss	-	-	-	-	(4
December 31, 2002 (Audited)	-	-	-	-	(17
Shares issued for cash, net of offering costs	-	-	-	-	
Shares issued as compensation	-	-	-	-	
Shares issued for previously purchased shares	-	-	-	-	
Shares issued in cancellation of accounts payable and accrued compensation	-	-	-	-	
Shares issued in connection with equity financing	-	-	-	-	
Exercise of stock options	-	-	(1,119,848)	-	
Shares reacquired in settlement of judgement	-	-	-	(250,248)	
Stock options issued for services	-	-	-	-	
Net loss	-	-	-	-	(5
December 31, 2003 (Audited)	-	-	(1,119,848)	(250,248)	(23
Shares issued for cash, net of offering costs	-	-	-	-	
Shares issued as compensation, expensed	(544,416)	-	-	-	
Amortization of deferred compensation	240,000	-	-	-	
Shares issued for previously purchased shares	-	-	-	-	
Exercise of stock options	-	-	(4,858,820)	-	
Exercise of warrants	-	-	-	-	
Shares issued in connection with equity financing	-	-	-	-	
Stock retired in settlement of subscriptions receivable	-	-	5,978,668	-	
Shares reacquired in settlement of judgement	-	-	-	-	
Stock options issued for services	-	-	-	-	
Other comprehensive income (loss)	-	(16,580)	-	-	
Net Loss	-	-	-	-	(4,
December 31, 2004 (Audited)	(304,416)	(16,580)	-	(250,248)	(28,

Shares issued as compensation, expensed	(128,034)	-	-	-	
Amortization of deferred compensation	392,416	-	-	-	
Exercise of stock options	-	-	-	-	
Shares issued in connection with equity financing	-	-	-	-	
Stock options issued for services	-	-	-	-	
Other comprehensive income (loss)	-	(7,892)	-	-	
Net loss	-	-	-	-	(5,
December 31, 2005 (Audited)	(40,034)	(24,472)	-	(250,248)	(33,
Shares issued for cash, net of offering cost	-	-	-	-	
Common stock to be issued	-	-	-	-	
Amortization of deferred compensation	40,034	-	-	-	
Exercise of stock options	-	-	-	-	
Shares issued in connection with equity financing	-	-	-	-	
Stock options issued for services	-	-	-	-	
Other comprehensive income (loss)	-	81,073	-	-	
Net loss	-	-	-	-	(7,
December 31, 2006 (Audited)	-	56,601	-	(250,248)	(41,
Common stock to be issued	-	-	-	-	
Shares issued for cash, net of offering costs	-	-	-	-	
Shares issued in cancellation of accounts payable	-	-	-	-	
Shares issued in connection with equity financing	-	-	-	-	
Stock options issued for services	-	-	-	-	
Other comprehensive income (loss)	-	(12,545)	-	-	
Net income	-	-	-	-	
June 30, 2007 (Unaudited)	$ -	$ 44,056	$ -	$(250,248)	$(40,

See accompanying notes to the consolidated financial statements (unaudited)

SAMARITAN PHARMACEUTICALS, INC.

(A DEVELOPMENT STAGE COMPANY)

CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)
FROM INCEPTION (SEPTEMBER 5, 1994) AND FOR THE SIX MONTHS
ENDED JUNE 30, 2007 AND 2006

	From Inception (09/05/1994) To June 30, 2007	For the Six Mon June 30 2007
CASH FLOWS FROM OPERATING ACTIVITIES:		

	(Unaudited)	(Unaudited)
Net income (loss)	$ (40,960,489)	$ 348,653
Adjustments to reconcile net (loss) to net cash used in operating activities:		
Depreciation and amortization	1,492,971	90,089
Stock based compensation	9,659,280	-
Stock options issued for services	1,710,658	47,925
Amortization of deferred compensation	1,662,522	-
Foreign currency (loss) gain	44,056	(12,545)
Other income	(228,190)	-
(Increase) decrease in assets:		
Inventory	(119,699)	(119,699)
Accounts receivable	(1,710,399)	(1,710,399)
Interest receivable and prepaids	(537,627)	(442,541)
Deposits	12,941	-
Increase (decrease) in liabilities:		
Deferred revenue	-	-
Accounts payable and accrued expenses	3,844,728	663,848
NET CASH USED IN OPERATING ACTIVITIES	(25,129,248)	(1,134,669)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Organization costs, Samaritan Europe		
Purchase of technology rights	(158,969)	-
Purchase of furniture and equipment	(347,588)	(3,927)
Note receivable	(250,000)	-
(Purchase) liquidation of marketable securities	(3,160)	-
Patent registration costs	(1,400,506)	(258,568)
NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES	(2,160,223)	(262,495)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from warrants/options	703,125	-
Proceeds from debentures	642,120	-
Proceeds from stock issued for cash	14,628,569	-
Proceeds from equity financing	9,378,516	480,000
Common stock to be issued	1,006,300	568,748
Short-term loan repayments	(288,422)	-
Short-term loan proceeds	1,612,922	-
NET CASH PROVIDED BY FINANCING ACTIVITIES	27,683,130	1,048,748
CHANGE IN CASH	393,659	(348,416)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	-	742,075
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 393,659	$ 393,659
NON-CASH FINANCING AND INVESTING ACTIVITIES:		
Purchase of net, non-cash assets of subsidiary for stock	$ 195	$ -

Short-term debt retired through issuance of stock	$	1,890,695	$ -
Issuance of common stock, previously subscribed	$	180,000	$ -
Purchase of technology rights for accounts payable to be settled through issuance of stock	$	199,500	$ -
Treasury stock acquired through settlement of judgement	$	250,248	$ -
Stock subscriptions receivable	$	1,119,848	$ -
Stock retired in settlement of subscriptions receivable	$	(5,978,668)	$ -
Stock received in settlement	$	(231,350)	$ -
Stock as compensation for services	$	5,175,792	$ -
Stock issued in cancellation of accounts payable	$	4,996,499	747,561
Exercise of stock options	$	4,858,820	$ -

See accompanying notes to the consolidated financial statements (unaudited)

SAMARITAN PHARMACEUTICALS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2007 and 2006
(Unaudited)

NOTE 1 - BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial statements and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all the information and disclosures required for annual financial statements. These consolidated financial statements should be read in conjunction with the consolidated financial statements and related footnotes for the year ended December 31, 2006, included in the Form 10-K and form 10-K/A for the year then ended.

The financial information presented as of and for the three and six months ended June 30, 2007 ("Q2 2007") and as of and for the three and six months ended June 30, 2006 ("Q2 2006") is unaudited. In the opinion of the Company's management, all adjustments (consisting of normal recurring accruals) necessary to fairly present the Company's financial position as of June 30, 2007, and the results of operations and cash flows for the three (3) and six (6) month period ending June 30, 2007 have been included. The results of operations for the three (3) and six (6) month period ended June 30, 2007 are not necessarily indicative of the results to be expected for the full year ended December 31, 2007. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's Form 10-K/A as filed with the U.S. Securities and Exchange Commission on April 27, 2007 for the year ended December 31, 2006.

On July 5, 2007, the Company's Board of Directors effected a one-for-six reverse stock split of its common stock. The financial statements presented herein have been restated to reflect the reverse stock split as if it had occurred at the beginning of each period presented.

NOTE 2 - ORGANIZATION AND NATURE OF BUSINESS

Samaritan Pharmaceuticals, Inc. (the "Company") was formed in September 1994 and became public in October 1997. Our principal executive offices are located in

Las Vegas, Nevada.

Samaritan Pharmaceuticals, Inc., is an entrepreneurial biopharmaceutical pipeline company, focused on commercializing innovative therapeutic products to relieve the suffering of patients with Alzheimer's disease; cancer; cardiovascular disease, HIV, and Hepatitis C; as well as, commercializing its acquired marketing and sales rights, to sell ten (10) marketed products, in Greece, and/or various Eastern European countries.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Principles of Consolidation

The accompanying financial statements include the accounts of the Company and its wholly owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

B. Revenue recognition

The Company recognizes revenue in accordance with SEC Staff Accounting Bulletin SAB 104, Topic 13, "Revenue Recognition" and Emerging Issues Task Force No. 00-21, or EITF 00-21, "Accounting for Revenue Arrangements with Multiple Deliverables." Generally, the Company will not recognize revenue or establish a receivable related to payments that are due greater than twelve months from the balance sheet date. In all cases, revenue is only recognized after all of the following four basic criteria of revenue recognition are met:

- Persuasive evidence of an arrangement exists;
- The fee is fixed or determinable;
- Collection is probable; and
- Delivery of technology or intellectual property rights has occurred or services have been rendered.

Product Sales. Samaritan Pharmaceuticals sells Amphocil and Elaprase in Greece. Product sales are recognized when delivery of the products has occurred, title has passed to the customer, the selling price is fixed or determinable, collectibility is reasonably assured and the Company has no further obligations. The Company records allowances for product returns, rebates and wholesaler chargebacks, wholesaler discounts, and prescription vouchers at the time of sale and reports product sales net of such allowances. The Company must make significant judgments in determining these allowances. As of June 30, 2007, the Company has determined there is no need for an allowance for doubtful accounts. If actual results differ from the Company's estimates, the Company will be required to make adjustments to these allowances in the future.

License Revenue. The Company's license revenues are generated through an agreement with a strategic partner. Nonrefundable, up-front license fees and milestone payments with standalone value that are not dependent on any future performance by us under the arrangements are recognized as revenue upon the earlier of when payments are received or collections is assured, but are deferred if we have continuing performance obligations. If we have continuing involvement through contractual obligations under such agreement, such up-front fees are deferred and recognized over the period for which we continue to have a performance obligation, unless all of the following criteria exist: (1) the delivered item(s) have standalone value to the customer, (2) there is objective and reliable evidence of the fair value of the undelivered item(s). We also make estimates and judgments when determining whether the collectibility of license

fees receivable from licensees is reasonably assured. We assess the collectibility of accrued license fees based on a number of factors and if it is determined that collection is not reasonably assured, the fee is recognized when collectibility becomes reasonably assured, assuming all other revenue recognition criteria have been met.

On March 28, 2007, Samaritan and Pharmaplaz Ltd ("Pharmaplaz"), a private Irish Healthcare company and a shareholder of Samaritan, announced that they entered into an agreement (the "Pharmaplaz Agreement") to commercialize SP-01A, an "oral" HIV entry inhibitor. Currently, Pharmaplaz owns 943,292 common shares of the Company, representing 3.4% of the total shares issued and outstanding. Under the terms of the agreement, Pharmaplaz, a shareholder, is required to pay Samaritan $10 million in upfront fees. The first payment of $1.4 million was received on March 28, 2007, and the remaining $8.6 million is required to be paid on September 16, 2007. Pharmaplaz, a shareholder, will pay for and be responsible for future research and development to bring the technology to market. Samaritan has no remaining obligations or performance for future research and development. The $10,000,000 payment is non-refundable. Upon request, Samaritan might occasionally advise Pharmaplaz regarding SP-01A, in relationship to Principal Investigators with applications for NIH grants, or other grant applications to advance SP-01A, at Pharmaplaz's cost. Samaritan and Pharmaplaz will split 50/50 of all revenues stemming from SP-01A.

In the first quarter of 2007, Samaritan recognized as revenue $2,701,742 from the Pharmaplaz Agreement, which is comprised of the $1,400,000 cash received and $1,301,742 in receivable that Samaritan determined collectibility to be reasonably assured. There was insufficient time prior to filing of this report to perform necessary procedures to assure the collectibility of the remaining balance due from Pharmaplaz on September 16, 2007. The remaining $7,298,258 will be recognized as collectibility is assured or when the actual funds are received.

Government Research Grant Revenue. The Company recognizes revenues from federal government research grants during the period in which the related expenditures are incurred.

C. Cash Equivalents

The Company considers all highly liquid temporary cash investments with an original maturity of three months or less to be cash equivalents.

The Company maintains its cash in bank accounts at high credit quality financial institutions. The balances at times may exceed federally insured limits.

D. Inventory

The Company's inventory consists primarily of pharmaceutical products for distribution in our licensed territories. The Company values inventories at the lower of cost or fair market value. The Company determines the cost of inventory using the average cost method. The Company analyzes its inventory levels quarterly and writes down inventory that has become obsolete, inventory that has a cost basis in excess of its expected net realizable value and inventory quantities in excess of expected requirements. Expired inventory is disposed of and the related costs are written off and recognized as additional cost of sales.

E. Concentration of Credit Risks

The Company is subject to concentrations of credit risk primarily in our accounts receivable and investments in debt securities to the extent of the amounts recorded on the balance sheet. The Company attempts to mitigate the concentration of credit risk in their receivables through their credit evaluation process, collection terms, sales to diverse end customers and through geographical dispersion of sales. We generally do not require collateral for receivables from our end customers or from distributors. In the event of termination of a distributor agreement, inventory held by the distributor must be returned.

F. Property and Equipment

Property and equipment are recorded at cost. Depreciation is provided using the straight line method over the estimated useful lives of the assets.

G. Intangibles

Legal fees associated with filing patents are recorded at cost and amortized over 17 years. The Company currently owns or in-licenses patents related to our products or product candidates and owns or in-licenses additional applications for patents that are currently pending. In general, when the Company in-licenses intellectual property from various third parties, the Company is required to pay royalties to the parties on product sales. The Company reviews patent costs for impairment by comparing the carrying value of the patents with the fair value. The Company believes it will recover the full amount of the patent costs based on forecasts of sales of the products related to the patents. Patent registration costs are amortized over seventeen (17) years once approved. Patent amortization expense was $37,422 and $19,662 for the six months and three months ended June 30, 2007. Amortization for the six months and three months ended June 30, 2006 was $21,904 and $11,079.

Projected amortization is $78,647 for 2007 through 2011. Certain U.S. patents may be eligible for patent term extensions under the Hatch-Waxman Act and may be available to Samaritan for the lost opportunity to market and sell the invention during the regulatory review process.

Purchased technology rights are recorded at cost and are being amortized using the straight line method over the estimated useful life of the technology, fifteen (15) years. Amortization expense associated with these technology rights was $13,775 and $7,345 for the six months and three months ended June 30, 2007. Amortization for the six months and three months ended June 30, 2006 was $5,873 and $2,915. Projected amortization expense associated with these technology rights in the future will be $25,720 for 2007 and $16,633 for 2008 through 2011.

H. Earnings (loss) per share

The Company reports earnings (loss) per common share in accordance with Statement of Financial Accounting Standards ("SFAS") No. 128, "Earnings Per Share." There were 4,303,944 and 4,135,586 outstanding options for June 30, 2007 and June 30, 2006 respectively, which were excluded from the earnings per share calculation.

I. Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and

disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

J. Income Taxes

Pursuant to Statement of Financial Accounting Standards No. 109 ("SFAS 109") Accounting for Income Taxes', the Company accounts for income taxes under the liability method. Under the liability method, a deferred tax asset or liability is determined based upon the tax effect of the differences between the financial statement and tax basis of assets and liabilities as measured by the enacted rates, which will be in effect when these differences reverse.

K. Research and Development Costs

Research and development costs are expensed when incurred. For the six (6) and three (3) months ending June 30, 2007, research and development costs expensed were $971,636 and $554,113, respectively. For the six (6) and three (3) months ending June 30, 2006, research and development costs expensed were $2,099,709 and $1,510,490, respectively.

L. Impairment of Long-Lived Assets

The Company reviews long-lived assets and certain identifiable assets related to those on a quarterly basis for impairment whenever circumstances and situations change such that there is an indication that the carrying amounts may not be recovered. At June 30, 2007, the Company does not believe that any impairment has occurred.

M. Fair Value of Financial Instruments

Statement of Financial Accounting Standard No. 107, Disclosures about Fair Value of Financial Instruments ("SFAS 107") requires the disclosure of fair value information about financial instruments whether or not recognized on the balance sheet, for which it is practicable to estimate the value. Where quoted market prices are not readily available, fair values are based on quoted market prices of comparable instruments. The carrying amount of cash, accounts payable and accrued expenses approximates fair value because of the short maturity of those instruments.

N. Foreign Currency Translation

Assets and liabilities of subsidiaries operating in foreign countries are translated into U.S. dollars using both the exchange rate in effect at the balance sheet date of historical rate, as applicable. Results of operations are translated using the average exchange rates prevailing throughout the year. The effects of exchange rate fluctuations on translating foreign currency assets and liabilities into U.S. dollars are included in stockholders equity (Accumulated other comprehensive loss), while gains and losses resulting from foreign currency transactions are included in operations.

O. Stock Based Compensation

In December 2004, the FASB issued SFAS No. 123(R), "Share-Based Payment," which replaces SFAS No. 123 and supersedes APB Opinion No. 25. Under SFAS No. 123(R), companies are required to measure the compensation costs of share-based compensation arrangements based on the grant-date fair value and recognize the costs in the financial statements over the period during which employees are

required to provide services. Share-based compensation arrangements include stock options, restricted share plans, performance-based awards, share appreciation rights and employee share purchase plans. In March 2005 the SEC issued Staff Accounting Bulletin No. 107, or "SAB 107". SAB 107 expresses views of the staff regarding the interaction between SFAS No. 123(R) and certain SEC rules and regulations and provides the staff's views regarding the valuation of share-based payment arrangements for public companies. SFAS No. 123(R) permits public companies to adopt its requirements using one of two methods. On April 14, 2005, the SEC adopted a new rule amending the compliance dates for SFAS No. 123(R). Companies may elect to apply this statement either prospectively, or on a modified version of retrospective application under which financial statements for prior periods are adjusted on a basis consistent with the pro forma disclosures required for those periods under SFAS 123. Effective January 1, 2006, the Company has fully adopted the provisions of SFAS No. 123(R) and related interpretations as provided by SAB 107. The Company utilizes the Black-Scholes option-pricing model to calculate the fair value of each individual issuance of options. Such compensation amounts, if any, are amortized over the respective vesting periods of the option grant. The Company applies this statement prospectively. Prior to January 1, 2006, the Company accounted for stock-based employee compensation plans (including shares issued under its stock option plans) in accordance with APB Opinion No. 25 and followed the pro forma net income, pro forma income per share, and stock-based compensation plan disclosure requirements set forth in the Statement of Financial Accounting Standards No. 123, Accounting for Stock-Based Compensation ("SFAS No. 123").

P. Accrued Expenses

Accrued expenses consist of the unpaid portion of the respective officer's contract salary.

Q. Common Stock To Be Issued

Common stock to be issued consists of proceeds from private placements received by year-end or quarter-end for stock that has yet to be issued.

R. Prepaid Expenses and Other Assets

Total prepaid expenses of $438,416 consists of $336,964 of payments made in preparation of a preclinical research project, $78,875 of consulting prepayments and other miscellaneous prepayments of $22,576.

S. New Accounting Pronouncements

In March 2006, the FASB issued SFAS No. 156, "Accounting for Servicing of Financial Assets, an amendment of FASB Statement No. 140, Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities".

This statement requires all separately recognized servicing assets and servicing liabilities be initially measured at fair value, if practicable, and permits for subsequent measurement using either fair value measurement with changes in fair value reflected in earnings or the amortization and impairment requirements of Statement No. 140. The subsequent measurement of separately recognized servicing assets and servicing liabilities at fair value eliminates the necessity for entities that manage the risks inherent in servicing assets and servicing liabilities with derivatives to qualify for hedge accounting treatment and eliminates the characterization of declines in fair value as impairments or direct write-downs. SFAS No. 156 is effective for an entity's first fiscal year beginning after September 15, 2006. The adoption of this statement did not have a material impact on the Company's financial position or results of operations.

In July 2006, the Financial Accounting Standards Board (FASB) issued FASB Interpretation (FIN) No. 48, "Accounting for Uncertainty in Income Taxes-an interpretation of FASB Statement No. 109." This interpretation provides guidance for recognizing and measuring uncertain tax positions, as defined in SFAS No. 109, "Accounting for Income Taxes." FIN No. 48 prescribes a threshold condition that a tax position must meet for any of the benefit of an uncertain tax position to be recognized in the financial statements. Guidance is also provided regarding de-recognition, classification, and disclosure of uncertain tax positions. FIN No. 48 is effective for fiscal years beginning after December 15, 2006. The Company does not expect that this interpretation will have a material impact on its financial position, results of operations, or cash flows.

In September 2006, the FASB issued FASB Statement No. 157. This Statement defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles (GAAP), and expands disclosures about fair value measurements. This Statement applies under other accounting pronouncements that require or permit fair value measurements, the Board having previously concluded in those accounting pronouncements that fair value is a relevant measurement attribute. Accordingly, this Statement does not require any new fair value measurements. However, for some entities, the application of this Statement will change current practices. This Statement is effective for financial statements for fiscal years beginning after November 15, 2007. Earlier application is permitted provided that the reporting entity has not yet issued financial statements for that fiscal year. The adoption of FASB No. 157 did not have a material impact on the financial statements of the Company.

In December 2006, the FASB approved FASB Staff Position (FSP) No. EITF 00-19-2, "Accounting for Registration Payment Arrangements" ("FSP EITF 00-19-2"), which specifies that the contingent obligation to make future payments or otherwise transfer consideration under a registration payment arrangement, whether issued as a separate agreement or included as a provision of a financial instrument or other agreement, should be separately recognized and measured in accordance with SFAS No. 5, "Accounting for Contingencies". FSP EITF 00-19-2 also requires additional disclosure regarding the nature of any registration payment arrangements, alternative settlement methods, the maximum potential amount of consideration and the current carrying amount of the liability, if any. The guidance in FSP EITF 00-19-2 amends FASB Statements No. 133, "Accounting for Derivative Instruments and Hedging Activities", and No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity", and FASB Interpretation No. 45, "Guarantor's Accounting and Disclosure requirement for Guarantees, Including Indirect Guarantees of Indebtedness of Others", to include scope exceptions for registration payment arrangements. FSP EITF 00-19-2 is effective immediately for registration payment arrangements and the financial instruments subject to those arrangements that are entered into or modified subsequent to the issuance date of this FSP, or for financial statements issued for fiscal years beginning after December 15, 2006, and interim periods within those fiscal years, for registration payment arrangements entered into prior to the issuance date of this FSP. The Company is currently evaluating the impact, if any, on the Company's financial position, results of operations or cash flows.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities-including an amendment of FAS 115" (Statement 159). Statement 159 allows entities to choose, at specified election dates, to measure eligible financial assets and liabilities at fair value that are not otherwise required to be measured at fair value. If a company elects the fair value option for an eligible item, changes in that item's fair value in subsequent reporting periods must be recognized in current earnings. Statement 159 is effective for fiscal years beginning after November 15, 2007. We are currently evaluating the potential impact of Statement 159 on our financial

statements. We do not expect the impact will be material.

Other accounting standards that have been issued or proposed by the FASB or other standards-setting bodies that do not require adoption until a future date are not expected to have a material impact on the consolidated financial statements upon adoption.

NOTE 4 - SHAREHOLDERS' EQUITY

On July 5, 2007, the Company's Board of Directors effected a one-for-six reverse stock split of its common stock. The consolidated financial statements presented herein have been restated to reflect the reverse stock split as if it had occurred at the beginning of each period presented. All share and per share information included in these consolidated financial statements has been adjusted to reflect this reverse stock split. Currently, the Company has 41,666,667 shares of common stock and 5,000,000 shares of preferred stock authorized.

A. Stock Option Plans.

The short and long-term compensation program includes stock options granted under Stock Incentive Plans as well as non-qualified stock options. The Company currently has two stock option plans: The 2005 Stock Option Plan, approved by the shareholders on June 10, 2005 as an additional plan to the Company's 2001 Stock Plan; and the 2001 Stock Option Plan, approved by the shareholders on April 24, 2001. Both option plans are designed to reward executives for achieving long-term financial performance goals over a three-year to ten-year period, provide retention incentives for executives, and tie a significant portion of an executive's total compensation to long-term performance. Stock options for executive officers and key associates are part of the incentive program and link the enhancement of shareholder value directly to their total compensation.

Shares available under the 2005 Plan: On a calendar year basis, Awards under the Plan may be made for a maximum of ten percent (10%) of the total shares of common stock outstanding on a fully diluted basis (without taking into account outstanding Awards at the end of the prior calendar year), less Awards outstanding at the end of the prior calendar year,less (ii) the number of shares subject to outstanding awards at the close of business on that date.

Shares Available under the 2001 Plan: The number of awards that may be granted under the 2001 Plan in each calendar year will not exceed twenty percent (20%) of (i) the total shares of common stock outstanding on a fully diluted basis, without taking into account awards outstanding under the 2001 Plan that are exercisable for or convertible into common stock or that are unvested stock awards (referred to as 'outstanding awards'), at the close of business on the last day of the preceding calendar year, less (ii) the number of shares subject to 'outstanding awards' at the close of business on that date.

The following table summarizes the Company's stock options outstanding at December 31, 2006, and June 30, 2007:

	Shares	Weighted average exercise price
Outstanding and exercisable at December 31, 2006	4,286,444	$3.79
Granted	42,500	1.80
Exercised	0	0

Expired	(25,000)	4.30
Outstanding and exercisable at June 30, 2007	4,303,944	3.72

Information, at date of issuance, regarding options for the quarter ended June 30, 2007 is as follows:

	Shares	Weighted Average Exercise Price	Weighted Average Fair Value
Exercise price exceeds market price	4,293,527	$3.72-	-0-
Exercise price equals market price	10,417	$0.96	-0-
Exercise price is less than market price	-0-	$-0-	-0-

The Company utilizes the Black-Scholes option-pricing model to calculate the fair value of each individual issuance of options. There were 42,500 options issued during the three months ended June 30, 2007. The per-share weighted average fair value of stock options granted for compensation during the three months ended June 30, 2007 and the year ended December 31, 2006 was $1.15 and $4.56, respectively. On the date of grant, using the Black-Scholes pricing model, the following assumptions were used for options granted during the three (3) months ended June 30, 2007 and 2006:

	June 30, 2007	June 30, 2006
Expected dividend yield	0%	0%
Risk-free interest rate	4.48%	5%
Volatility	88%	80%

At June 30, 2007, the range of exercise price for all of the Company's outstanding stock options was $0.96 to $7.56, with an average remaining life of 5.5 years and an average exercise price of $3.72.

B. Stock as compensation and settlement of accounts payable:

The Company issues stock as compensation for services, valuing such issues premised upon the fair market value of the stock.

During the quarter ended March 31, 2007, the Company issued an aggregate of 183,291 (1,099,748 pre stock split) shares of common stock in consideration of services rendered to the Company during 2006. Such shares were valued at an aggregate of $405,560. The Company also issued 83,333 shares (500,000 pre stock split) for the acquisition of Metastatin Pharmaceuticals and issued 8,333 shares (50,000 pre stock split) for the asset purchase from Quest Pharmatech, both accrued at December 31, 2006 and valued at $165,000 and $19,500.

During the quarter ended June 30, 2007, the Company issued an aggregate of 116,667 shares of common stock in consideration of services to be rendered to the Company during 2007. Such shares were valued at an aggregate of $157,500 with an average price of $1.35 per share.

C. Private Placement

During the 3rd Quarter of 2007, 889,167 common shares were issued, which

resulted proceeds of $800,250 from private placements received by year-end or in the first quarter 2007.

D. Common Stock Purchase Agreement

During the quarter ended March 31, 2007, the Company issued 186,666 shares (1.12 million pre stock split) in exchange for $280,000 in connection with Purchase Agreement II with Fusion Capital.

During the quarter ended June 30, 2007, the Company issued 133,334 shares in exchange for $200,000 in connection with the common stock purchase agreement with Fusion Capital.

NOTE 5 - COMMITMENTS AND CONTINGENCIES

A. The Company leases various facilities under operating lease agreements expiring through September 2008. Rental expense for the six and three months ended June 30, 2007 was $36,040 and $20,395, respectively. Rental expense for the six and three months ended June 30, 2006 was $39,090 and $16,957, respectively. Future minimum annual lease payments under the facilities lease agreements lasting more than one year are as follows:

2007 $28,286
2008 $43,307

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B. At the beginning of the third quarter 2007, the Company executed a research collaboration (the "Research Collaboration") with The Research Institute of McGill University Health Centre and Samaritan Therapeutics over a ten-year period through 2017. The budget is for $1,000,000 paid over four (4) quarterly payments of $250,000, is unallocated, and covers the general research and development effort. Under the Research Collaboration, the Company receives worldwide exclusive rights, excluding Canada, to any novel therapeutic agents or diagnostic technologies that may result from the Research Collaboration. Samaritan Therapeutics receives exclusive rights to the Canadian market to any novel therapeutic agents or diagnostic technologies that may result from the Research Collaboration. The Company also terminated the Georgetown University research collaboration in the second quarter of 2007; however, Samaritan Pharmaceuticals' existing worldwide exclusive rights to licensed technologies with Georgetown will remain in force under the terms of their respective license agreements.

C. The Company Compensation Committee is in the process of negotiating new employment agreements with Dr. Janet Greeson and Mr. Eugene Boyle. Dr. Thomas Lang and Dr. Christos Dakas each have employment agreements negotiated at arm's length with the Compensation Committee, and each such agreement provides for a minimum annual base salary. In setting base salaries, the Board has considered (a) the contributions made by each executive to our Company, (b) compensation paid by peer companies to their executive officers and (c) outside compensation reports. In 2006, all executive officers received salary increases of approximately 5% reflecting competitive trends, general economic conditions as well as a number of factors relating to the particular individual, including the performance of the individual executive, level of experience and ability and knowledge of the job.

The Compensation Committee also has the authority to award discretionary bonuses to executive officers. The incentive bonuses are intended to compensate officers for achieving financial and operational goals and for achieving individual annual performance objectives. These objectives vary depending on the individual

executive, but relate generally to strategic factors such as; 1) initial signing of an employment agreement; 2) upon acceptance of filing of a new drug application by the FDA; 3) the FDA approval to move from one phase to the next phase in the FDA application process; 4) pharmaceutical sales goals achieved; 5) completion of an in-licensing contract; 6) completion of an out-licensing contract; and 7) increases in market capitalization. The Compensation Committee did not make any cash bonuses to the executive officers in 2006.

NOTE 6 - LITIGATION

Samaritan, from time to time, is involved in various legal proceedings in the ordinary course of its business.

NOTE 7 - RELATED PARTY TRANSACTIONS

In the ordinary course of business, the Company entered into transactions with Clay County Holdings ("CCH"). These transactions include loans made to and from CCH. In the past, CCH had made a loan to Samaritan which Samaritan paid off in 2003. During 2004, Samaritan created a note receivable with CCH for $250,000 which amount bears interest at a rate of twelve percent (12%) per annum. A Director of the Company is related to the Chairman of the Board of CCH but is not a shareholder of CCH. The CEO and CFO of the Company are mother and son.

NOTE 8 - FUSION TRANSACTION

On May 12, 2005, The Company entered into the Purchase Agreement II with Fusion Capital, pursuant to which Fusion Capital has agreed to purchase our common stock from time to time, at our option, up to an aggregate amount of $40,000,000 over fifty (50) months commencing December 29, 2005, which is the date the SEC declared effective our Registration Statement on Form SB-2 (Commission Registration No. 051267250). Samaritan filed a post effective amendment on Form S-1 to the above Registration Statement (Commission Registration No. 07556090) on January 9, 2007, which was declared effective on February 6, 2007.

Under the Purchase Agreement II agreement, The Company has set a minimum purchase price ("floor price") of $1.50. Fusion Capital shall not have the right or the obligation to purchase shares of our common stock on any business day that the market price of our common stock is below $1.50. On August 7, 2007, the last reported market sale price of our common stock was $1.20. Accordingly, the Company cannot currently access funds under the Purchase Agreement II and will not be able to access such funds in the future unless the market price our common stock exceeds $1.50 per share.

Assuming a minimum purchase price of $1.50 per share and the purchase by Fusion Capital of the full 368,229 remaining shares under the Purchase Agreement II, the remaining proceeds to us would be $552,344 unless we choose to register more than 368,229 shares, which we have the right, but not the obligation, to do. In the event we elect to sell more than the 368,229 shares, we will be required to file a new Registration Statement and have it declared effective by the U.S. Securities & Exchange Commission.

If the Company continues to be unable to access funds under the Purchase Agreement II, then we may need to sell additional equity securities in private placements. As of June 30, 2007, with 234,895 remaining available under the Registration Statement, the selling price of our common stock to Fusion Capital will have to average at least $151.13 per share for us to receive the remaining proceeds of $35,499,999 without registering additional shares of common stock. Shares issued through June 30, 2007 under the Common Stock Purchase Agreement

are 2,265,105, with proceeds of $4,500,001. In second quarter 2007, the Company received $200,000 in exchange for the issuance of 133,334 shares to Fusion Capital.

NOTE 9 - RISKS AND UNCERTAINTIES

Marketability of the Company's product is dependent, among other things, upon securing additional capital to successfully complete the clinical testing, securing FDA approval, and procurement of viable patents.

NOTE 10 - SUBSEQUENT EVENTS (Unaudited)

On June 28, 2007, Samaritan announced that its Board of Directors has unanimously decided to reorganize its stock structure by initiating a one-for-six reverse split of its common stock which shall become effective at the opening of trading on July 5, 2007, in order to comply with The American Stock Exchange's Company Guide, Sections 1003(f)(v), regarding listing requirements for a Company's stock selling at a low price per share for a substantial period of time.

On July 10, 2007, Samaritan announced that it has confirmed Caprospinol's (SP-233) efficacy in its ability to dramatically decrease beta amyloid plaque in the brain, accompanied by a complete recovery of memory back to baseline (p=0.002), as shown in a Morris water maze task. This study confirms previously reported in-vitro data and suggests Caprospinol may not only slow down Alzheimer's but may also reverse plaque-related brain injuries associated with the mind-robbing disease of Alzheimer's.

On July 24, 2007, Samaritan Pharmaceuticals announced that it has entered into an exclusive license agreement with Georgetown University for "Benzamide Compounds" patent rights to treat HIV and numerous other infectious diseases. The underlying licensed patent application describes using Benzamide compounds as an innovative new method to treat the HIV virus and other infectious diseases, such as Avian Influenza A, Influenza A & B, and Hepatitis B & C. Under the terms of the agreement, Samaritan will have exclusive worldwide rights to develop, manufacture and commercialize Benzamide compounds in exchange for royalties.

On July 30, 2007, the Company announced that it has entered into an exclusive licensing agreement with Georgetown University for an innovative blood test diagnostic that detects whether a breast tumor is cancer and if diagnosed as cancer, the blood test detects the cancer's aggressiveness to metastasize and spread throughout the body. The innovative cancer diagnostic blood test was discovered as a result of its research and development collaboration with Georgetown University giving Samaritan first rights to license. The diagnostic screens for targeted tumor cell markers and has demonstrated the ability to identify just one circulating breast cancer cell out of millions of normal blood cells.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

General

Samaritan Pharmaceuticals, Inc. (including the subsidiaries, referred to as "Samaritan", the "Company", "it", "we", and "our"), formed in September 1994, is an entrepreneurial biopharmaceutical pipeline company, focused on commercializing innovative therapeutic products to relieve the suffering of

patients with Alzheimer's disease; cancer; cardiovascular disease, HIV, and Hepatitis C; as well as, commercializing its acquired marketing and sales rights to sell ten (10) marketed products in Greece and/or various Eastern European countries.

Samaritan is focused on commercializing three blockbuster market drug candidates with late-stage preclinical (non-clinical) development programs. Samaritan is evaluating the use of Caprospinol, SP-233 in Alzheimer's disease patients; the use of SP-1000 with acute coronary disease patients; and the use of SP-10 as an "oral treatment" for Hepatitis C patients. In addition, Samaritan has partnered its oral entry inhibitor HIV drug SP-01A with Pharmaplaz, Ireland.

Commercialization Business Model

Our commercialization business model is focused dually on, the partnering of our promising innovative products to pharmaceutical companies; and the acquisition of the marketing and sales rights to revenue-generating marketed products for sales in Greece and Eastern Europe. This model allows Samaritan to focus on our core competencies in drug discovery and drug development. Samaritan partners promising innovative therapeutics anywhere in the early "human" clinical trial stage, i.e. late-stage preclinical studies, Phase I Clinical trials, or proof of concept, Phase II clinical trials, with the objective of partnering before costly Phase III clinical trials. Potential revenue streams with this model could include up-front fees, milestone payments, and participation in the marketing success of partnered products through royalties. In addition, Samaritan is enhancing and strengthening our sales and marketing force in Greece and Eastern Europe to allow for the significant economics gained by advancing the commercialization of our contracted marketed products. Our business model is entirely focused on achieving growth and maximizing value for the benefit of our shareholders.

Licensing and Collaborative Agreements

To build, advance and promote our product portfolio, Samaritan often seeks to augment our own internal programs and capabilities with collaborative projects with a number of outside partners. For our marketed products, we have established certain license agreements, co-promotion arrangements, manufacturing, supply and co-development alliances with pharmaceutical and other biotechnology companies, academic institutions and government laboratories to which we currently pay royalties. Similarly, for product candidates now in development, we have secured licenses to certain intellectual property and entered into strategic alliances with third parties for various aspects of research, development, manufacturing and commercialization, pursuant to which we will owe or receive future royalties if the product candidates are licensed and commercialized.

The Company has a research collaboration (the "Research Collaboration") with The Research Institute of McGill University Health Centre and Samaritan Therapeutics over a ten-year period through 2017. The budget is for $1,000,000 paid over four (4) quarterly payments of $250,000, is unallocated, and covers the general research and development effort. Under the Research Collaboration, the Company receives worldwide exclusive rights, excluding Canada, to any novel therapeutic agents or diagnostic technologies that may result from the Research Collaboration. Samaritan Therapeutics receives exclusive rights to the Canadian market to any novel therapeutic agents or diagnostic technologies that may result from the Research Collaboration. The Company also terminated the Georgetown University research collaboration in the second quarter of 2007; however, Samaritan Pharmaceuticals' existing worldwide exclusive rights to licensed technologies with Georgetown will remain in force under the terms of their respective license agreements.

On March 28, 2007, Samaritan and Pharmaplaz, LTD ("Pharmaplaz"), a shareholder, announced they have an agreement to commercialize SP-01A, an "oral" HIV entry inhibitor. Under the terms of the agreement, Pharmaplaz, a shareholder, is required to pay Samaritan $10 million in upfront fees. The first payment of $1.4 million was received on March 28, 2007, and the remaining $8.6 million is required to be paid on September 16, 2007. Pharmaplaz, a shareholder, will pay for and be responsible for future research and development to bring the technology to market. Samaritan has no remaining obligations or performance for future research and development. The $10,000,000 payment is non-refundable. Upon request, Samaritan might occasionally advise Pharmaplaz regarding SP-01A, in relationship to Principal Investigators with applications for NIH grants, or other grant applications to advance SP-01A, at Pharmaplaz's cost. Samaritan and Pharmaplaz will split 50/50 of all revenues stemming from SP-01A.

Marketed Products

Samaritan has also entered into strategic collaborative relationships with other pharmaceutical companies to commercialize branded approved prescription products in Samaritan's selected niche territories, such as, in Greece, Albania, Bosnia, Bulgaria, Croatia, Cyprus, Czech Republic, Egypt, FYROM, Hungary, Montenegro, Poland, Romania, Serbia, Slovakia, Slovenia, Syria and Turkey. We use our expertise to register approved drugs with regulatory agencies in the country we have acquired the rights for; and then, upon regulatory approval, we distribute, market and sell these products. Currently, we have in-licensed the rights to sell ten (10) drugs, Amphocil from Three Rivers Pharmaceuticals, Elaprase and Replagal from Shire Pharmaceuticals, Infasurf from Ony, Inc, and Mepivamol, Methadone, Morphine Sulphate, Naloxone, Naltrexone, and Oramorph from Molteni Farmaceutici. Our efforts are focused on specialist physicians in private practice or at hospitals and major medical centers in our territories. Below is a description of our in-licensed products.

AMPHOCIL(R)

AMPHOCIL(R) is a lipid form of amphotericin B indicated for the treatment of invasive aspergillosis, a life threatening systemic fungal infection. AMPHOCIL(R) is indicated for the treatment of severe systemic and/or deep mycoses in cases where toxicity or renal failure precludes the use of conventional amphotericin B in effective doses, and in cases where prior systemic antifungal therapy has failed. Fungal infections successfully treated with AMPHOCIL(R) include disseminated candidiasis and aspergillosis. AMPHOCIL(R) has been used successfully in severely neutropenic patients.

AMPHOCIL(R) is an approved FDA prescription product owned by Three Rivers Pharmaceuticals, Inc. and marketed by Three Rivers Pharmaceuticals, Inc. in the US. Samaritan signed an exclusive distribution deal for Greece and Cyprus with Three Rivers on December 14, 2005.

Currently, Samaritan is marketing Amphocil(R) in Greece. Marketing authorization for Amphocil (R) is pending in Cyprus.

ELAPRASE(R)

ELAPRASE(R) is a human enzyme replacement therapy for the treatment of Hunter syndrome, also known as Mucopolysaccharidosis II (MPS II). Hunter syndrome is a rare, life-threatening genetic condition that results from the absence or insufficient levels of the lysosomal enzyme iduronate-2-sulfatase. Without this enzyme, cellular waste products accumulate in tissues and organs, which then begin to malfunction.

ELAPRASE(R) was granted marketing authorization for the long-term treatment of patients with Hunter's disease by the European Commission in January 2007. ELAPRASE(R) is the first, and only, enzyme replacement therapy for Hunter's disease patients and was launched in the U.S. in July 2006.

ELAPRASE(R) will be sold and distributed by Samaritan on a named patient basis until the pricing and the reimbursement of ELAPRASE(R) is established in Greece and Cyprus, with the relevant regulatory authorities. Samaritan signed an exclusive licensing agreement with Shire Pharmaceuticals for the marketing and sale of ELAPRASE(R) in Greece and Cyprus, which became effective March 1, 2007.

INFASURF(R)

INFASURF(R) treats and prevents Respiratory Distress Syndrome (RDS). This syndrome occurs when infants lack surfactant, a natural substance normally produced in the body, which is necessary for lungs to function normally. INFASURF(R) is used exclusively in hospitals with a neonatal intensive care unit (NICU) and is administered by neonatologists, neonatal nurses, neonatal nurse practitioners and respiratory therapists.

On January 16, 2007, Samaritan signed an exclusive agreement with Siraeo, Ltd for the marketing and distribution of the product INFASURF(R) in Turkey, Serbia, Bosnia, Macedonia, Albania, Egypt and Syria. INFASURF(R) is an approved FDA prescription product owned by ONY, Inc. and marketed by Forest Laboratories in the US.

Currently, Samaritan Pharmaceuticals is utilizing the US FDA approved regulatory file in preparing marketing applications for INFASURF(R) with regulatory authorities in Turkey, Serbia, Bosnia, F.Y.R.O.M., Albania, Egypt and Syria to gain country marketing authorization drug approval.

MEPIVAMOL(R)

MEPIVAMOL(R) (Mepivacaine) is an effective and reliable local anesthetic of intermediate duration and low systemic toxicity. It is widely used for regional anesthetic procedures such as IVRA, infiltration, epidural blockade, plexus and peripheral nerve blockade. MEPIVAMOL(R) is approved by the Italian Ministry of Health (The equivalent to the US FDA) and is owned by Molteni Farmaceutici, Inc. and marketed by Molteni Farmaceutici, Inc. in Italy.

On January 1, 2007, Samaritan entered into an exclusive licensing agreement with Molteni Farmaceutici for the marketing and distribution of MEPIVAMOL(R) in the countries of Greece and Cyprus. Currently, Samaritan Pharmaceuticals is utilizing the Italian Ministry of Health approved regulatory file in preparing marketing applications for MEPIVAMOL(R) with regulatory authorities in Greece and Cyprus to gain country marketing authorization drug approval.

METHADONE HCL(R)

METHADONE HCL(R) is an opiate agonist. METHADONE HCL(R) prevents heroin or morphine from interacting with receptors for natural painkillers called endorphins, blocking the effects of the addictive drugs and reducing the physical cravings. METHADONE HCL(R) is approved by the Italian Ministry of Health (The equivalent to the US FDA) and is owned by Molteni Pharmaceuticals, Inc. and marketed by Molteni Farmaceutici, Inc. in Italy.

On January 1, 2007, Samaritan entered into an exclusive licensing agreement with Molteni Farmaceutici for the marketing and distribution of METHADONE HCL(R) in

the countries of Greece and Cyprus.

Currently, METHADONE HCL(R) can only be sold in Greece and Cyprus via a centralized government tender. Samaritan is preparing a tender application for the next request by Greek authorities for applications.

MORPHINE SULPHATE(R)

MORPHINE SULPHATE(R) (Injectable Formulation) relieves moderate to severe pain by binding to brain receptors. Morphine Sulphate may be used to control the pain following surgery, child birth, and other procedures. It may also be used to treat the pain associated with cancer, heart attacks, sickle cell disease and other medical conditions.

On January 1, 2007, Samaritan entered into an exclusive licensing agreement with Molteni Farmaceutici for the marketing and distribution of MORPHINE SULPHATE(R) in the countries of Greece and Cyprus.

Currently, MORPHINE SULPHATE(R) can only be sold in Greece and Cyprus via a centralized government tender. Samaritan is preparing a tender application for the next request by Greek authorities for applications.

NALOXONE MOLTENI(R)

NALOXONE MOLTENI(R) is an opioid antagonist which reverses the effects of opioid overdose, for example heroin and morphine overdose. Specifically, Naloxone is used in opioid overdoses for countering life-threatening depression of the central nervous system and respiratory system.

On January 1, 2007, Samaritan entered into an exclusive licensing agreement with Molteni Farmaceutici for the marketing and distribution of NALOXONE MOLTENI(R) in the countries of Greece and Cyprus.

Currently, NALOXONE(R) will be sold and distributed by Samaritan on a named patient basis until the pricing and the reimbursement of NALOXONE(R) is established in Greece and Cyprus, with the relevant regulatory authorities.

NALTREXONE MOLTENI(R)

NALTREXONE MOLTENI(R) is an opioid antagonist which is used to help people who have a narcotic or alcohol addiction stay drug free. NALTREXONE MOLTENI(R) is used after the patient has stopped taking drugs or alcohol. It works by blocking the effects of narcotics or by decreasing the craving for alcohol.

NALTREXONE MOLTENI(R) is approved by the Italian Ministry of Health (The equivalent to the US FDA) and is owned by Molteni Farmaceutici, Inc. and marketed by Molteni Farmaceutici, Inc. in Italy.

On January 1, 2007, Samaritan entered into an exclusive licensing agreement with Molteni Farmaceutici for the marketing and distribution of NALTREXONE MOLTENI(R) in the countries of Greece and Cyprus.

Currently, Samaritan Pharmaceuticals is utilizing the Italian Ministry of Health approved regulatory file in preparing marketing applications for NALTREXONE MOLTENI(R) with regulatory authorities in Greece and Cyprus to gain country marketing authorization drug approval.

ORAMORPH(R)

ORAMORPH(R) is morphine sulphate in an oral solution and is used for managing moderate to severe chronic pain for more than a few days. It works by dulling the pain perception center in the brain. ORAMORPH(R) is approved by the Italian Ministry of Health (The equivalent to the US FDA) and is marketed by Molteni in Italy.

ORAMORPH(R) is approved by the Italian Ministry of Health (The equivalent to the US FDA) and is owned by Molteni Farmaceutici, Inc. and marketed by Molteni Farmaceutici, Inc. in Italy.

On January 1, 2007, Samaritan entered into an exclusive licensing agreement with Molteni Farmaceutici for the marketing and distribution of ORAMORPH(R) in the countries of Greece and Cyprus.

Currently, Oramorph has a Greek marketing authorization. Oramorph can only be sold in Greece via a centralized government tender. Samaritan is preparing a tender application for the next request by Greek authorities for applications.

REPLAGAL(R)

REPLAGAL(R) is a long-term enzyme replacement therapy used to treat patients with a confirmed diagnosis of Fabry Disease. Fabry Disease is caused by a deficiency of an enzyme, alpha-galactosidase A (also called ceramidetrihexosidase), involved in the breakdown of fats.

Samaritan signed an exclusive licensing agreement with Shire Pharmaceuticals for the marketing and sale of Replagal(R) in Greece and Cyprus, which became effective May 1, 2007. Currently, REPLAGAL(R) has a Greek and Cyprus pricing, reimbursement and marketing authorization.

Plan and Results of Operations

We have used the proceeds from private placements of our capital stock, primarily to expand our preclinical and clinical efforts, as well as for general working capital. At this time, we are beginning to commit additional resources to the development of SP-233, as well as for the development of our other drugs.

Additional details regarding the human trials and INDs the Company plans to file may be found in the section entitled "Description of Business" in the Company's Annual Report on Form 10-K/A filed with the SEC on April 27, 2007 for the fiscal year ended December 31, 2007.

On July 5, 2007, the Company's Board of Directors effected a one-for-six reverse stock split of its common stock. The financial statements presented herein have been restated to reflect the reverse stock split as if it had occurred at the beginning of each period presented. All share and per share information included in these consolidated financial statements has been adjusted to reflect this reverse stock split.

Results of Operations For The Three (3) Months Ended June 30, 2007 As Compared To The Three (3) Months Ended June 30, 2006

Revenue for the three-month period ended June 30, 2007, as compared to June 30, 2006, pharmaceuticals sales increased to $408,811 from $0, respectively. This increase of $408,811 was primarily related to the launch of the products Amphocil and Elaprase in June 2007 in Greece. We expect product sales of Amphocil and Elaprase to increase in future periods primarily to additional

patients initiating therapy.

We incurred research and development expenses of $554,113 for the three months ended June 30, 2007, as compared to $1,510,490 for the three months ended June 30, 2006. This decrease of $956,377 or sixty-three percent (63%) was primarily attributable to the culmination of the costs associated with our HIV clinical trial. We expect research and development expenditures relating to drug discovery and development will increase during the remainder of 2007 and into subsequent years due to the expanding requirements of FDA clinical trials for: (a) our Alzheimer's drug program; (b) the initiation of trials for other potential indications; and (c) additional study expenditures for potential pharmaceutical candidates. Research and development expenses may fluctuate from period to period, depending upon the stage of certain projects and the level of preclinical testing and clinical trial-related activities.

General and administrative expenses increased to $759,978 for the three months ended June 30, 2007, as compared to $719,591 for the three months ended June 30, 2006. This increase of $40,387 or six percent (6%), was primarily attributable to an increase in cost of payroll as offset by decreases in amortization of deferred compensation and consulting.

Depreciation and amortization amounted to $46,453 for the three months ended June 30, 2007, as compared to $35,035 for the three months ended June 30, 2006. This increase of $11,418, or thirty-three percent (33%), was primarily attributable to increases in amortization on both purchased technology and approved patents.

Net interest income amounted to $7,595 and $7,561 for the three (3) months ended June 30, 2007 and 2006, respectively. The credit balance in the interest expense account is attributable to offsetting interest earned from holding our cash in marketable securities and certificates of deposits. Interest income was $(7,595) and $(7,561), for the three (3) months ended June 30, 2007 and 2006, respectively. Interest expense was $-0- and $-0-, for the three (3) months ended June 30, 2007 and 2006, respectively.

We had a loss of $1,231,973 for the three months ended June 30, 2007, as compared to a loss of $2,257,555 for the three months ended June 30, 2006. The decreased loss was primarily due to the launch of Amphocil and Elaprase and the decrease attributable to the culmination of the costs associated with our HIV clinical trials. As disclosed in the financial statements, earnings (loss) per share was ($.05) and ($.09) per share (undiluted), for the three months ended June 30, 2007 and 2006, respectively.

Results of Operations For The six (6) Months Ended June 30, 2007 As Compared To The six (6) Months Ended June 30, 2006

Revenue for the six-month period ended June 30, 2007, as compared to June 30, 2006, pharmaceuticals sales increased to $408,811 from $0, respectively. This increase of $408,811 was primarily related to the launch of the products Amphocil and Elaprase in June 2007 in Greece. We expect product sales of Amphocil and Elaprase to increase in future periods primarily to additional patients initiating therapy.

On March 28, 2007, Samaritan and Pharmaplaz, a shareholder, announced they have entered into an agreement to commercialize SP-01A, an "oral" HIV entry inhibitor. Under the terms of the agreement, Pharmaplaz, a shareholder, is required to pay Samaritan $10 million in upfront fees. The first payment of $1.4 million was received on March 28, 2007, and the remaining $8.6 million is

required to be paid on September 16, 2007. Pharmaplaz, a shareholder, will pay for and be responsible for future research and development to bring the technology to market. Samaritan has no remaining obligation or performance for future research and development. The $10,000,000 payment is non-refundable. Upon request, Samaritan might occasionally advise Pharmaplaz regarding SP-01A, in relationship to Principal Investigators with applications for NIH grants, or other grant applications to advance SP-01A, at Pharmaplaz's cost. Samaritan and Pharmaplaz will split 50/50 of all revenues stemming from SP-01A.

In the first quarter of 2007, Samaritan recognized as revenue $2,701,742 from the Pharmaplaz Agreement, which is comprised of the $1,400,000 cash received and $1,301,742 in receivable that Samaritan determined collectibility to be reasonably assured. There was insufficient time prior to filing of this report to perform necessary procedures to assure the collectibility of the remaining balance due from Pharmaplaz on September 16, 2007. The remaining $7,298,258 will be recognized as collectibility is assured or when the actual funds are received.

We incurred research and development expenses of $971,636 for the six months ended June 30, 2007, as compared to $2,099,709 for the six months ended June 30, 2006. This decrease of $1,128,073, or fifty-four percent (54%), was primarily attributable to the culmination of the costs associated with our HIV clinical trial. We expect research and development expenditures relating to drug discovery and development will increase during the remainder of 2007 and into subsequent years due to the expanding requirements of FDA clinical trials for: (a) our Alzheimer's drug program; (b) the initiation of trials for other potential indications; and (c) additional study expenditures for potential pharmaceutical candidates. Research and development expenses may fluctuate from period to period, depending upon the stage of certain projects and the level of preclinical testing and clinical trial-related activities.

General and administrative expenses increased to $1,427,389 for the six months ended June 30, 2007, as compared to $1,316,743 for the six months ended June 30, 2006. This increase of $110,646 or eight percent (8%), was primarily attributable to an increase in cost of payroll as offset by decreases in amortization of deferred compensation and consulting.

Depreciation and amortization amounted to $90,089 for the six months ended June 30, 2007, as compared to $69,822 for the six months ended June 30, 2006. This increase of $20,267, or twenty-nine percent (29%), was primarily attributable to increases in amortization on both purchased technology and approved patents.

Net interest income amounted to $15,049 and $16,527 for the six (6) months ended June 30, 2007 and 2006, respectively. The credit balance in the interest expense account is attributable to offsetting interest earned from holding our cash in marketable securities and certificates of deposits. Interest income was $15,049 and $16,534 , for the six (6) months ended June 30, 2007 and 2006, respectively. Interest expense was $-0- and $6.59, for the six (6) months ended June 30, 2007 and 2006, respectively.

We had earnings of $348,653 for the six months ended June 30, 2007, as compared to a loss of $3,451,114 for the six months ended June 30, 2006. Earnings were the result of the sale of rights to Pharmaplaz, as described in the notes. As disclosed in the financial statements, earnings (loss) per share was $.01 and ($.15) per share (undiluted), for the six months ended June 30, 2007 and 2006, respectively.

The net loss since our inception on September 5, 1994 through June 30, 2007 was

$40,960,489. We expect losses to continue for the near future, and such losses will likely increase as human clinical trials are undertaken in the United States. Future profitability will be dependent upon our ability to complete the development of our pharmaceutical products, obtain necessary regulatory approvals and effectively market such products. In addition, future profitability will require the Company to establish agreements with other parties for clinical testing, manufacturing, commercialization and sale of its products.

Liquidity and Capital Resources

As of June 30, 2007, the Company's cash position was $393,659. We are continuing efforts to raise additional capital and to execute our research and development plans. Even if we are successful in raising sufficient money to carry out these plans, additional clinical development is necessary to bring our products to market, which will require a significant amount of additional capital.

Cash used in operating activities during the six (6) month period ended June 30, 2007 was $(1,134,669), as compared to $(3,247,843) for the six month period ended June 30, 2006, a decrease of $2,113,174. This decrease is primarily attributable to fluctuations and timing of the cost with our HIV clinical trial, and the receipt of the $1.4 million from Pharmaplaz, the first payment on the sale of licensing rights.

Cash provided (used) by investing activities was ($262,495) for the six (6) month period ended June 30, 2007, as compared to cash provided of $452,140 for the six (6) month period ended June 30, 2006, a decrease of $714,635. Last year, the period reflected proceeds from the liquidation of a certificate of deposit for use in funding 2006 activities. The current year's period includes increases in patent costs.

Cash provided by financing activities was $1,048,748 for the six (6) month period ended June 30, 2007, as compared to $4,018,014 for the six (6) month period ended June 30, 2006, an decrease of $2,969,266 or seventy-four percent (74%). Last year's results include proceeds of $1,645,000 from private placements, and $2,308,514 from the Purchase Agreement II with Fusion. Because of the decrease in immediate research costs and the sale of licenses rights to Pharmaplaz, the Company did not raise as much capital. Therefore, private placement proceeds (classified as common stock to be issued) and draws from Fusion were $568,748 and $480,000, respectively.

Current assets as of June 30, 2007 were $2,998,146 as compared to $1,073,921 as of December 31, 2006. This increase of $1,924,225 was primarily attributable to the receipt of proceeds and recording of an account receivable from the sale of licensing rights to Pharmaplaz. Current liabilities as of June 30, 2007 were $1,435,854 as compared to $1,519,565 as of December 31, 2006, a decrease of $83,711, primarily due to retiring accounts payable through the issuance of common stock.

On May 12, 2005, we entered into the Purchase Agreement II with Fusion Capital, pursuant to which Fusion Capital has agreed to purchase our common stock from time to time, at our option, up to an aggregate amount of $40,000,000 over fifty (50) months commencing December 29, 2005, which is the date the SEC declared effective our Registration Statement on Form SB-2 (Commission Registration No. 051267250). Samaritan filed a post effective amendment on Form S-1 to the above Registration Statement (Commission Registration No. 07556090) on January 9, 2007, which was declared effective on February 6, 2007.

Under the Purchase Agreement II agreement, we have set a minimum purchase price ("floor price") of $1.50. Fusion Capital shall not have the right or the obligation to purchase shares of our common stock on any business day that the market price of our common stock is below $1.50. On August 7, 2007, the last reported market sale price of our common stock was $1.20. Accordingly, the Company cannot currently access funds under the Purchase Agreement II and will not be able to access such funds in the future unless the market price our common stock exceeds $1.50 per share.

Assuming a minimum purchase price of $1.50 per share and the purchase by Fusion Capital of the full 368,229 remaining shares under the Purchase Agreement II, the remaining proceeds to us would be $552,344 unless we choose to register more than 368,229 shares, which we have the right, but not the obligation, to do. In the event we elect to sell more than the 368,229 shares, we will be required to file a new Registration Statement and have it declared effective by the U.S. Securities & Exchange Commission.

If we continue to be unable to access funds under the Purchase Agreement II, we may need to sell additional equity securities in private placements. As of June 30, 2007, with 234,895 remaining available under the Registration Statement, the selling price of our common stock to Fusion Capital will have to average at least $151.13 per share for us to receive the remaining proceeds of $35,499,999 without registering additional shares of common stock. Shares issued through June 30, 2007 under the Common Stock Purchase Agreement are 2,265,105, with proceeds of $4,500,001. In second quarter 2007, the Company received $200,000 in exchange for the issuance of 133,334 shares to Fusion Capital.

We believe that existing balances of cash, cash equivalents, marketable securities, cash generated from operations (out-licensing of SP-01A to Pharmaplaz and future cash derived from marketed products), and funds potentially available to us under Purchase Agreement II are sufficient to finance our current operations and working capital requirements on both a short-term and long-term basis. However, we cannot predict the amount or timing of our need for additional funds under various circumstances, which could include a significant acquisition of a business or assets, new product development projects, expansion opportunities, or other factors that may require us to raise additional funds in the future. We cannot provide assurance that funds will be available to Samaritan when needed on favorable terms, or at all.

On March 28, 2007, Samaritan and Pharmaplaz announced they have an agreement to commercialize SP-01A, an "oral" HIV entry inhibitor. Under the terms of the agreement, Pharmaplaz, a shareholder, is required to pay Samaritan $10 million in upfront fees. The first payment of $1.4 million was received on March 28, 2007, and the remaining $8.6 million is required to be paid on September 16, 2007. Pharmaplaz, a shareholder, will pay for and be responsible for future research and development to bring the technology to market. Samaritan has no remaining obligations or performance for future research and development. The $10,000,000 payment is non-refundable. Upon request, Samaritan might occasionally advise Pharmaplaz regarding SP-01A, in relationship to Principal Investigators with applications for NIH grants, or other grant applications to advance SP-01A, at Pharmaplaz's cost. Samaritan and Pharmaplaz will split 50/50 of all revenues stemming from SP-01A.

We will continue to have significant general and administrative expenses, including expenses related to clinical studies, our research collaboration with universities and patent registration costs. Except for the Purchase Agreement II with Fusion Capital, no commitment exists for continued investments, or for any underwriting.

In addition to our financing arrangements with Fusion Capital (as discussed above), we may require substantial additional funds to sustain our operations and to grow our business. The amount will depend, among other things, on (a) the

rate of progress and cost of our research and product development programs and clinical trial activities; (b) the cost of preparing, filing, prosecuting, maintaining and enforcing patent claims and other intellectual property rights; and (c) the cost of developing manufacturing and marketing capabilities, if we decide to undertake those activities. The clinical development of a therapeutic product is a very expensive and lengthy process which may be expected to utilize $5 to $20 million over a three (3) to six (6) year development cycle. We may also need to obtain additional funds to develop our therapeutic products and our future access to capital is uncertain. The allocation of limited resources is an ongoing issue for us as we move from research activities into the more costly clinical investigations required to bring therapeutic products to market. We also expect to generate revenues from our marketed products in the near future, and our business model has changed from a development model to a licensing and development model. For more information on the change in business model, please see "Business Model" section.

The extent to which we rely on Fusion Capital as a source of funding will depend on a number of factors, including the prevailing market price of our common stock (which must exceed $1.50 per share) and the extent to which we are able to secure working capital from other sources. Even if we are able to access the full amounts under Purchase Agreement II with Fusion Capital, we may still need additional capital to fully implement our business, operating and development plans. If we are unable to obtain additional financing, we might be required to delay, scale back or eliminate selected research and product development programs or clinical trials, or be required to license third parties to commercialize products or technologies that we would otherwise undertake ourselves, or cease certain operations all together. However, any of these options might have a material adverse effect upon the Company. If we raise additional funds by issuing equity securities, dilution to stockholders may result, and new investors could have rights superior to existing holders of shares. Should the financing we require to sustain our working capital needs be unavailable or prohibitively expensive when we require it, the consequences would have a material adverse effect on our business, operating results, financial condition and prospects.

We have been able to meet our cash needs during the past twelve (12) months through a combination of funds received through private placements and funds received under the purchase agreements with Fusion Capital. Currently, we have out-licensed our SP-01A and in-licensed the rights to sell ten (10) drugs, Amphocil from Three Rivers Pharmaceuticals, Elaprase and Replagal from Shire Pharmaceuticals, Infasurf from Ony, Inc, and Mepivamol, Methadone, Morphine Sulphate, Naloxone, Naltrexone, and Oramorph from Molteni Pharmaceuticals to meet our cash needs. We intend to continue to explore avenues to obtain additional capital through private placements and by the sale of our shares of common stock to Fusion Capital.

Forward-Looking Information and Factors that May Affect Future Results

The Securities and Exchange Commission encourages companies to disclose forward-looking information so that investors can better understand a company's future prospects and make informed investment decisions. This report and other written or oral statements that we make from time to time contain such forward-looking statements that set forth anticipated results based on management's plans and assumptions. Such forward-looking statements involve substantial risks and uncertainties. We have tried, wherever possible, to identify such statements by using words such as "will," "anticipate," "estimate," "expect," "project," "intend," "plan," "believe," "target," "forecast" and other words and terms of similar meaning in connection with any

discussion of future operating or financial performance or business plans and prospects. In particular, these include statements relating to future actions, business plans and prospects, prospective products or product approvals, future performance or results of current and anticipated products, sales efforts, expenses, interest rates, foreign exchange rates, the outcome of contingencies, such as legal proceedings, and financial results. Among the factors that could cause actual results to differ materially are the following:

- the success of research and development activities;
- decisions by regulatory authorities regarding whether and when to approve our drug applications, as well as their decisions regarding labeling and other matters that could affect the availability or commercial potential of our products;
- the speed with which regulatory authorizations, pricing approvals and product launches may be achieved;
- the success of external business development activities;
- competitive developments, including with respect to competitor drugs and drug candidates that treat diseases and conditions similar to those treated by our in-line drugs and drug candidates;
- the ability to successfully market both new and existing products domestically and internationally;
- difficulties or delays in manufacturing;
- trade buying patterns;

- the ability to meet generic and branded competition after the loss of patent protection for our products and competitor products;
- the impact of existing and future regulatory provisions on product exclusivity;
- trends toward managed care and healthcare cost containment;
- Legislation or regulatory action in our marketed territories affecting, among other things, pharmaceutical product pricing, reimbursement or access, the importation of prescription drugs and the involuntary approval of prescription medicines for over-the-counter use;
- claims and concerns that may arise regarding the safety or efficacy of or marketed products and product candidates;
- legal defense costs, insurance expenses, settlement costs and the risk of an adverse decision or settlement related to product liability, patent protection, governmental investigations, ongoing efforts to explore various means for resolving asbestos litigation and other legal proceedings;
- the Company's ability to protect its patents and other intellectual property both domestically and internationally;
- interest rate and foreign currency exchange rate fluctuations;
- governmental laws and regulations affecting domestic and foreign operations, including tax obligations;
- changes in U.S. generally accepted accounting principles;
- any changes in business, political and economic conditions due to the threat of terrorist activity in the U.S. and other parts of the world, and related U.S. military action overseas;
- growth in costs and expenses;
- changes in our product, segment and geographic mix; and

We cannot guarantee that any forward-looking statement will be realized, although we believe we have been prudent in our plans and assumptions. Achievement of anticipated results is subject to substantial risks, uncertainties and inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from past results and those anticipated, estimated or projected. Investors should bear this in mind as they consider

forward-looking statements.

We undertake no obligation to publicly update forward-looking statements, whether as a result of new information, future events or otherwise. You are advised, however, to consult any further disclosures we make on related subjects in our Forms 10-Q, 8-K and 10-K reports to the Securities and Exchange Commission. Our Form 10-K/A filing for the 2006 fiscal year filed on April 27, 2007 listed various important factors that could cause actual results to differ materially from expected and historic results. We note these factors for investors as permitted by the Private Securities Litigation Reform Act of 1995. Readers can find them in Part II, Item 1A, of this filing under the heading "Risk Factors". You should understand that it is not possible to predict or identify all such factors. Consequently, you should not consider any such list to be a complete set of all potential risks or uncertainties.

This report includes discussion of certain clinical studies relating to various in-line products and/or product candidates. These studies typically are part of a larger body of clinical data relating to such products or product candidates, and the discussion herein should be considered in the context of the larger body of data.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

We do not engage in trading market-risk sensitive instruments and do not purchase hedging instruments or other than trading instruments that are likely to expose us to market risk, whether interest rate, foreign currency exchange, commodity price or equity price risk. We have no outstanding debt instruments, have not entered into any forward or future contracts, and have purchased no options and entered into no swaps. We have no credit lines or other borrowing facilities, and do not view ourselves as subject to interest rate fluctuation risk at the present time.

Exchange Risk

We are a multinational business operating in a number of countries with the U.S. dollar as the primary currency in which we conduct business. The U.S. dollar is used for planning and budgetary purposes and as the presentation currency for financial reporting. We do, however, have costs, assets and liabilities denominated in currencies other than U.S. dollars. Consequently, we may enter into derivative financial instruments to manage our non-U.S. dollar foreign exchange risk. We may use derivative financial instruments primarily to reduce exposures to market fluctuations in foreign exchange rates. We do not enter into derivative financial instruments for trading or speculative purposes. All derivative contracts entered into will be in liquid markets with credit-approved parties.

The U.S. dollar is the base currency against which all identified transactional foreign exchange exposures are managed and hedged. The principal risks to which we are exposed are movements in the exchange rates of the U.S. dollar against the Euro. The main exposures are net costs in Euro arising from a manufacturing and research presence in Ireland, the sourcing of raw materials in European markets and marketing and sales in South Eastern Europe.

Recently Issued Accounting Standards

In March 2006, the FASB issued SFAS No. 156, "Accounting for Servicing of Financial Assets, an amendment of FASB Statement No. 140, Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities".

This statement requires all separately recognized servicing assets and servicing liabilities be initially measured at fair value, if practicable, and permits for subsequent measurement using either fair value measurement with changes in fair value reflected in earnings or the amortization and impairment requirements of Statement No. 140. The subsequent measurement of separately recognized servicing assets and servicing liabilities at fair value eliminates the necessity for entities that manage the risks inherent in servicing assets and servicing liabilities with derivatives to qualify for hedge accounting treatment and eliminates the characterization of declines in fair value as impairments or direct write-downs. SFAS No. 156 is effective for an entity's first fiscal year beginning after September 15, 2006. The adoption of this statement did not have a material impact on the Company's financial position or results of operations.

In July 2006, the Financial Accounting Standards Board "FASB" issued FASB Interpretation (FIN) No. 48, "Accounting for Uncertainty in Income Taxes-an interpretation of FASB Statement No. 109." This interpretation provides guidance for recognizing and measuring uncertain tax positions, as defined in SFAS No. 109, "Accounting for Income Taxes." FIN No. 48 prescribes a threshold condition that a tax position must meet for any of the benefit of an uncertain tax position to be recognized in the financial statements. Guidance is also provided regarding de-recognition, classification, and disclosure of uncertain tax positions. FIN No. 48 is effective for fiscal years beginning after December 15, 2006. The Company does not expect that this interpretation will have a material impact on its financial position, results of operations, or cash flows.

In September 2006, the FASB issued FASB Statement No. 157. This Statement defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles (GAAP), and expands disclosures about fair value measurements. This Statement applies under other accounting pronouncements that require or permit fair value measurements, the Board having previously concluded in those accounting pronouncements that fair value is a relevant measurement attribute. Accordingly, this Statement does not require any new fair value measurements. However, for some entities, the application of this Statement will change current practices. This Statement is effective for financial statements for fiscal years beginning after November 15, 2007. Earlier application is permitted provided that the reporting entity has not yet issued financial statements for that fiscal year. The adoption of FASB No. 157did not have a material impact on the financial statements of the Company.

In December 2006, the FASB approved FASB Staff Position "FSP" No. EITF 00-19-2, "Accounting for Registration Payment Arrangements" ("FSP EITF 00-19-2"), which specifies that the contingent obligation to make future payments or otherwise transfer consideration under a registration payment arrangement, whether issued as a separate agreement or included as a provision of a financial instrument or other agreement, should be separately recognized and measured in accordance with SFAS No. 5, "Accounting for Contingencies". FSP EITF 00-19-2 also requires additional disclosure regarding the nature of any registration payment arrangements, alternative settlement methods, the maximum potential amount of consideration and the current carrying amount of the liability, if any. The guidance in FSP EITF 00-19-2 amends FASB Statements No. 133, "Accounting for Derivative Instruments and Hedging Activities", and No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity", and FASB Interpretation No. 45, "Guarantor's Accounting and Disclosure requirement for Guarantees, Including Indirect Guarantees of Indebtedness of Others", to include scope exceptions for registration payment arrangements. FSP EITF 00-19-2 is effective immediately for registration payment arrangements and the financial instruments subject to those arrangements that are entered into or modified subsequent to the issuance date of this FSP, or for financial statements issued for fiscal years beginning after December 15, 2006, and interim periods within those fiscal years, for registration payment arrangements entered into prior to the issuance date of this FSP. The Company is currently

evaluating the impact, if any of this FSP, on the Company's financial position, results of operations or cash flows.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities-including an amendment of FAS 115" "Statement 159". Statement 159 allows entities to choose, at specified election dates, to measure eligible financial assets and liabilities at fair value that are not otherwise required to be measured at fair value. If a company elects the fair value option for an eligible item, changes in that item's fair value in subsequent reporting periods must be recognized in current earnings. Statement 159 is effective for fiscal years beginning after November 15, 2007. We are currently evaluating the potential impact of Statement 159 on our financial statements. We do not expect the impact will be material.

Other accounting standards that have been issued or proposed by the FASB or other standards-setting bodies that do not require adoption until a future date are not expected to have a material impact on the consolidated financial statements upon adoption.

ITEM 4. CONTROLS AND PROCEDURES

(A) Evaluation of Disclosure Controls And Procedures

As of the end of the period covered by this Quarterly Report, the Company carried out an evaluation, under the supervision and with the participation of the Company's Principal Executive Officer and Principal Accounting and Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures. The Company's disclosure controls and procedures are designed to provide a reasonable level of assurance of achieving the Company's disclosure control objectives. The Company's Principal Executive Officer and Principal Accounting and Financial Officer have concluded the Company's disclosure controls and procedures are, in fact, effective at this reasonable assurance level as of the period covered. In addition, the Company reviewed its internal controls, and there have been no significant changes in its internal controls or in other factors that could significantly affect those controls subsequent to the date of their last evaluation or from the end of the reporting period to the date of this Quarterly Report on Form 10-Q.

(B) Changes in Internal Controls Over Financial Reporting

In connection with the evaluation of the Company's internal controls during the Company's last fiscal quarter covered by this Quarterly Report, the Company's Principal Executive Officer and Principal Accounting and Financial Officer have determined there are no changes to the Company's internal controls over financial reporting that has materially affected, or is reasonably likely to materially effect, the Company's internal controls over financial reporting.

PART II
OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are, from time to time, involved in various legal proceedings in the ordinary course of our business. While it is impossible to predict accurately or to

determine the eventual outcome of these matters, the Company believes the outcome of these proceedings will not have a material adverse effect on the financial statements of the Company.

ITEM 1A. RISK FACTORS

You should carefully consider the risks described below before purchasing our common stock. Our most significant risks and uncertainties are described below; however, they are not the only risks we face. If any of the following risks actually occur, our business, financial condition, or results of operations could be materially adversely affected, the trading of our common stock could decline, and you may lose all or part of your investment therein. You should acquire shares of our common stock only if you can afford to lose your entire investment.

RISK ASSOCIATED WITH OUR BUSINESS

We Have A Limited Operating History

Prior to the Samaritan and Pharmaplaz's Research, Development and Commercialization Collaboration Agreement, we had limited operating history and our revenue had not been sufficient to sustain our operations. We have incurred annual operating losses over various years and as a result, at June 30, 2007, we had an accumulated deficit of $40,960,489. Our future profitability will require the successful commercialization of our marketed drugs in Greece and Eastern Europe as well as the out-licensing of our internal development programs in Alzheimer's, Cancer Cardiovascular disease and Infectious Diseases. Currently, the Company has in-licensed ten products to be marketed and distributed in our Eastern Europe territories. No assurances can be given when this will occur or when we will become profitable.

We Will Require Additional Financing To Sustain Our Operations And Without It We May Not Be Able To Continue Operations. We Cannot Currently Access Funds Under The Purchase Agreement II.

We had an operating cash flow deficit of $6.25 million for the year ended December 31, 2006 and $4.64 million for the year ended December 31, 2005.

The availability of funds under the Purchase Agreement II with Fusion Capital is subject to many conditions, some of which are predicated on events that are not within our control. Accordingly, we cannot guarantee that these capital resources will be sufficient to fund our business operations.

Under the Purchase Agreement II agreement, we have set a minimum purchase price ("floor price") of $1.50. Fusion Capital shall not have the right or the obligation to purchase shares of our Common Stock on any business day that the market price of our common stock is below $1.50. On August 2, 2007, the last reported market sale price of our common stock was $1.15. Accordingly, the Company cannot currently access funds under the Purchase Agreement II and will not be able to access such funds in the future unless the market price our common stock exceeds $1.50 per share.

Assuming a minimum purchase price of $1.50 per share and the purchase by Fusion Capital of the full 368,229 remaining shares under the Purchase Agreement II, the remaining proceeds to us would be $552,344 unless we choose to register more than 368,229 shares, which we have the right, but not the obligation, to do. In the event we elect to sell more than the 368,229 shares, we will be required to file a new Registration Statement and have it declared effective by the U.S. Securities & Exchange Commission.

If we continue to be unable to access funds under the Purchase Agreement II, we may need to sell additional equity securities in private placements. As of June 30, 2007, with 234,895 remaining available under the Registration Statement, the selling price of our common stock to Fusion Capital will have to average at least $151.13 per share for us to receive the remaining proceeds of $35,499,999 without registering additional shares of Common Stock. Shares issued through June 30, 2007 under the Common Stock Purchase Agreement are 2,265,105, with proceeds of $4,500,001. In second quarter 2007, the Company received $200,000 in exchange for the issuance of 133,334 shares to Fusion Capital.

The number of shares ultimately offered for sale by Fusion Capital is dependent upon the number of shares purchased by Fusion Capital under the Purchase Agreement II. We have the right to receive $40,000 per trading day under the Purchase Agreement II, unless our stock price equals or exceeds $1.50, in which case the daily amount may be increased under certain conditions as the price of our common stock increases.

The extent to which we rely on Fusion Capital as a source of funding will depend on a number of factors, including the prevailing market price of our common stock (which must exceed $1.50 per share) and the extent to which we are able to secure working capital from other sources. Even if we are able to access the full amounts under Purchase Agreement II with Fusion Capital, we may still need additional capital to fully implement our business, operating and development plans. If we are unable to obtain additional financing, we might be required to delay, scale back or eliminate selected research and product development programs or clinical trials, or be required to license third parties to commercialize products or technologies that we would otherwise undertake ourselves, or cease certain operations all together. However, any of these options might have a material adverse effect upon the Company. If we raise additional funds by issuing equity securities, dilution to stockholders may result, and new investors could have rights superior to existing holders of shares. Should the financing we require to sustain our working capital needs be unavailable or prohibitively expensive when we require it, the consequences would have a material adverse effect on our business, operating results, financial condition and prospects.

The Sale Of Our Common Stock To Fusion Capital May Cause Dilution And The Sale Of The Shares Of Common Stock Acquired By Fusion Capital And Other Shares Registered for Selling Stockholders Could Cause The Price Of Our Common Stock To Decline

In connection with entering into the Purchase Agreement II with Fusion Capital, we authorized the sale to Fusion Capital of up to 4,440,517 shares of our common stock and registered 2,783,334. The number of shares ultimately offered for sale by Fusion Capital is dependent upon the number of shares purchased by Fusion Capital under the agreement. The purchase price for the common stock to be sold pursuant to the Purchase Agreement II will fluctuate based on the price of our common stock. Depending upon market liquidity at the time, a sale of shares by Fusion Capital at any given time could cause the trading price of our common stock to decline. Fusion Capital may ultimately purchase all, some or none of the 2,783,334shares of common stock registered under the Purchase Agreement II. Further, the lower the stock price, the more shares we would have to sell to Fusion Capital to receive the same proceeds. After it has acquired such shares, Fusion Capital may sell all, some or none of such shares registered under the accompanying Registration Statement. Therefore, sales to Fusion Capital by us

under the Purchase Agreement II may result in substantial dilution to the interests of other holders of our common stock. The sale of a substantial number of shares of our common stock by Fusion Capital, or anticipation of such sales, could make it more difficult for us to sell equity or equity-related securities in the future at a time and at a price that we might otherwise wish to effect sales. However, we have the right to control the timing and amount of any sales of our shares of common stock to Fusion Capital and the Purchase Agreement II may be terminated by us at any time at our discretion without any cost to us.

Further, the sale by Fusion Capital of our common stock will increase the number of our publicly traded shares, which could depress the market price of our common stock. Moreover, the mere prospect of resales by Fusion Capital and other selling stockholders as contemplated in the prospectus filed January 26, 2007 could depress the market price for our common stock. The issuance of shares to Fusion Capital under the Purchase Agreement II, will dilute the equity interest of existing stockholders and could have an adverse effect on the market price of our common stock.

The Company's License Agreements May Be Terminated In The Event Of A Breach

The license agreements pursuant to which the Company has licensed its core technologies for its potential drug products permit the licensors, including Georgetown University and George Washington University, to terminate such agreements under certain circumstances, such as the failure by the licensee to use its reasonable best efforts to commercialize the subject drug or the occurrence of any uncured material breach by the licensee. The license agreements also provide that the licensor is primarily responsible for obtaining patent protection for the licensed technology, and the licensee is required to reimburse the licensor for costs it incurs in performing these activities. The license agreements also require the payment of specified royalties. Any inability or failure to observe these terms or pay these costs or royalties may result in the termination of the applicable license agreement in certain cases. The termination of any license agreement could force us to curtail our business operations.

Protecting Our Proprietary Rights Is Difficult and Costly

The patent positions of pharmaceutical companies can be highly uncertain and involve complex legal and factual questions. The license agreements also provide that the licensor is primarily responsible for obtaining patent protection for the licensed technology, and the licensee is required to reimburse the licensor for costs it incurs in performing these activities. Accordingly, we cannot predict the breadth of claims allowed in these companies' patents or whether the Company may infringe or be infringing on these claims. Patent disputes are common and could preclude the commercialization of our products. Patent litigation is costly in its own right and could subject us to significant liabilities to third parties. In addition, an adverse decision could force us to either obtain third-party licenses at a material cost or cease using the technology or product in dispute.

Our Success Will Depend On Our Ability To Attract And Retain Key Personnel

In order to execute our business plan, we need to attract, retain and motivate a significant number of highly qualified managerial, technical, financial and sales personnel. If we fail to attract and retain skilled scientific and marketing personnel, our research and development and sales and marketing efforts will be hindered. Our future success depends to a significant degree upon the continued services of key management personnel, including Dr. Janet Greeson, our Chief Executive Officer, President and Chairman of the Board of Directors, and Dr. Vassilios Papadopoulos, Chief Scientist of the Science of Technology Advisory Committee and our key consultant. We do not maintain key man insurance on either of these individuals. The loss of their services could delay our product development programs and our research and development efforts at the Research Centre of McGill University. In addition, the loss of Dr. Greeson is grounds for our Research Collaboration with Research Centre of McGill University to terminate. In addition, competition for qualified employees among companies in the biotechnology and biopharmaceutical industry is intense and we cannot be assured that we would be able to recruit qualified personnel on commercially acceptable terms, or at all, to replace them.

The Company's Success Will Be Dependent Upon The Licenses And Proprietary Rights It Receives From Other Parties, And On Any Patents It May Obtain

The Company and Samaritan Therapeutics, Canada, has signed a Research Collaboration and Licensing Agreement with The Research Institute of McGill University Health Centre (RI-MUHC) in Montreal, Canada, to advance its promising pipeline into clinical trial status and develop new innovative drug candidates. Once drug candidates, derived from the collaborative research, are clinically-validated and deemed to hold promise, Samaritan Therapeutics will continue to develop the drug candidate in Canada, while Samaritan Pharmaceuticals will focus on the drug candidate's process through regulatory agencies and its commercialization throughout the rest of the world.

Our success will depend in large part on the ability of the Company and its licensors to (a) maintain license and patent protection with respect to their drug products, (b) defend patents and licenses once obtained, (c) maintain trade secrets, (d) operate without infringing upon the patents and proprietary rights of others and (e) obtain appropriate licenses to patents or proprietary rights held by third parties if infringement should otherwise occur, both in the United States and in foreign countries. We have obtained licenses to patents and other proprietary rights from Georgetown University and George Washington University.

The patent positions of pharmaceutical companies, including those of the Company, are uncertain and involve complex legal and factual questions. There is no guarantee the Company or its licensors have or will develop or obtain the rights to products or processes that are patentable, that patents will issue from any of the pending applications or that claims allowed will be sufficient to protect the technology licensed to the Company. In addition, we cannot be certain that any patents issued to or licensed by the Company will not be challenged, invalidated, infringed or circumvented, or that the rights granted thereunder will provide competitive disadvantages to the Company.

Litigation, which could result in substantial cost, may also be necessary to enforce any patents to which the Company has rights, or to determine the scope, validity and unenforceability of other parties' proprietary rights, which may affect the rights of the Company. U.S. patents carry a presumption of validity and generally can be invalidated only through clear and convincing evidence. There can be no assurance that our licensed patents would be held valid by a

court or administrative body or an alleged infringer would be found to be infringing. The mere uncertainty resulting from the institution and continuation of any technology-related litigation or interference proceeding could have an adverse material effect on the Company pending resolution of the disputed matters.

We may also rely on unpatented trade secrets and expertise to maintain its competitive position, which it seeks to protect, in part, by confidentiality agreements with employees, consultants and others. There can be no assurance these agreements will not be breached or terminated, that we will have adequate remedies for any breach or that trade secrets will not otherwise become known or be independently discovered by competitors.

Samaritan has terminated the Georgetown research collaboration under this Agreement with a 60-day notice because Dr. Papadopoulos' ceased to be the Principal Investigator or have responsibility for directing our collaborated research. Each license granted or to be granted from Georgetown to Samaritan was not terminated or in any way affected when the research collaboration between Georgetown University and Samaritan was terminated at the end of the second quarter of 2007. Each such license has its own termination provisions as set forth in the respective license.

We Are Faced With Intense Competition And Industry Changes, Which May Make It More Difficult For Us To Achieve Significant Market Penetration.

The pharmaceutical and biotech industry generally is characterized by rapid technological change, changing customer needs, and frequent new product introductions. If our competitors' existing products or new products are more effective than or considered superior to our products, the commercial opportunity for our products will be reduced or eliminated. We face intense competition from companies in our marketplace as well as companies offering other treatment options. Many of our potential competitors are significantly larger than we are and have greater financial, technical, research, marketing, sales, distribution and other resources than we do. We believe there will be intense price competition for products developed in our markets. Our competitors may develop or market technologies and products that are more effective or commercially attractive than any that we are developing or marketing. Our competitors may obtain regulatory approval, and introduce and commercialize products before we do. These developments could force us to curtail or cease or business operations. Even if we are able to compete successfully, we may not be able to do so in a profitable manner.

If We Are Unable To Continue Product Development, Our Business Will Suffer

Our growth depends in part on continued ability to successfully develop our products. We may experience difficulties that could delay or prevent the successful development and commercialization of these products. Our products in development may not prove safe and effective in clinical trials. Clinical trials may identify significant technical or other obstacles that must be overcome before obtaining necessary regulatory or reimbursement approvals. In addition, our competitors may succeed in developing commercially viable products that render our products obsolete or less attractive. Failure to successfully develop and commercialize new products and enhancements would likely have a significant negative effect on our financial prospects.

There Is No Assurance That Our Products Will Have Market Acceptance

The success of the Company will depend in substantial part on the extent to which a drug product, once approved, achieves market acceptance. The degree of market acceptance will depend upon a number of factors, including (a) the receipt and scope of regulatory approvals, (b) the establishment and demonstration in the medical community of the safety and efficacy of a drug product, (c) the product's potential advantages over existing treatment methods and (d) reimbursement policies of government and third party payers. We cannot predict or guarantee physicians, patients, healthcare insurers, maintenance organizations, or the medical community in general, will accept or utilize any drug product of the Company. If our products do not develop market acceptance, we will be forced to curtail or cease our business operations.

There Is Uncertainty Relating To Third-Party Reimbursement, Which Is Critical To Market Acceptance Of Our Products.

International market acceptance of our products may depend, in part, upon the availability of reimbursement within prevailing health care payment systems. Reimbursement and health care payment systems in international markets vary significantly by country, and include both government sponsored health care and private insurance. We may not obtain international reimbursement approvals in a timely manner, if at all. Our failure to receive international reimbursement approvals may negatively impact market acceptance of our products in the international markets in which those approvals are sought and could force us to curtail or cease our business operations.

From time to time significant attention has been focused on reforming the health care system in the United States and other countries. Any changes in Medicare, Medicaid or third-party medical expense reimbursement, which may arise from health care reform, may have a material adverse effect on reimbursement for our products or procedures in which our products are used and may reduce the price we are able to charge for our products. In addition, changes to the health care system may also affect the commercial acceptance of products we are currently developing and products we may develop in the future.

If We Fail To Protect Our Licensed Intellectual Property Rights, Our Competitors May Take Advantage Of Our Ideas And Compete Directly Against Us.

Our success will depend to a significant degree on our ability to secure and protect intellectual property rights and to enforce patent and trademark protections relating to our technology which we license. From time to time, litigation may be advisable to protect our intellectual property position. However, these legal means afford only limited protection and may not adequately protect our rights or permit us to gain or keep any competitive advantage. Any litigation in this regard could be costly, and it is possible that we will not have sufficient resources to fully pursue litigation or to protect our other intellectual property rights. It could result in the rejection or invalidation of our existing and future patents. Any adverse outcome in litigation relating to the validity of our patents, or any failure to pursue litigation or otherwise

to protect our patent position, could force us to curtail or cease our business operations. Also, even if we prevail in litigation, the litigation would be costly in terms of management distraction as well as in terms of money. In addition, confidentiality agreements with our employees, consultants, customers, and key vendors may not prevent the unauthorized disclosure or use of our technology. It is possible that these agreements could be breached or that they might not be enforceable in every instance, and that we might not have adequate remedies for any such breach. Enforcement of these agreements may be costly and time consuming. Furthermore, the laws of foreign countries may not protect our intellectual property rights to the same extent as the laws of the United States.

We May Be Sued For Allegedly Violating The Intellectual Property Rights Of Others.

The pharmaceutical industry has in the past been characterized by a substantial amount of litigation and related administrative proceedings regarding patents and intellectual property rights. In addition, major pharmaceutical companies have used litigation against emerging growth companies as a means of gaining or preserving a competitive advantage.

Should third parties file patent applications or be issued patents claiming technology also claimed by us in pending applications, we may be required to participate in interference proceedings in the United States Patent and Trademark Office to determine the relative priorities of our inventions and the third parties' inventions. We could also be required to participate in interference proceedings involving our issued patents and pending applications of another entity. An adverse outcome in an interference proceeding could require us to cease using the technology or to license rights from prevailing third parties and force us to curtail or cease our business operations.

Third parties may claim we are using their patented inventions and may go to court to stop us from engaging in our normal operations and activities. These lawsuits are expensive to defend and conduct and would also consume and divert the time and attention of our management. A court may decide that we are infringing a third party's patents and may order us to cease the infringing activity. A court could also order us to pay damages for the infringement. These damages could be substantial and could have a material adverse effect on our business, financial condition, results of operations and cash flows. An adverse outcome on an infringement claim could force us to curtail or cease our business operations.

If we are unable to obtain any necessary license following an adverse determination in litigation or in interference or other administrative proceedings, we would have to modify our products to avoid infringing a third party's patent and could temporarily or permanently have to discontinue manufacturing and selling some of our products. If this were to occur, it would negatively impact future sales and, in turn, our business, financial condition, results of operations and cash flows, which could force us to curtail or cease our business operations.

If We Fail To Obtain Or Maintain Necessary Regulatory Clearances Or Approvals For Products, Or If Approvals Are Delayed Or Withdrawn, We Will Be Unable To Commercially Distribute And

Market Our Products Or Any Product Modifications.

Government regulation has a significant impact on our business. Government regulation in the United States and other countries is a significant factor affecting the research and development, manufacture and marketing of our products. In the United States, the Food and Drug Administration "FDA" has broad authority under the federal Food, Drug and Cosmetic Act to regulate the distribution, manufacture and sale of pharmaceutical products. The process of obtaining FDA and other required regulatory clearances and approvals is lengthy and expensive. We may not be able to obtain or maintain necessary approvals for clinical testing or for the manufacturing or marketing of our products. Failure to comply with applicable regulatory approvals can, among other things, result in fines, suspension or withdrawal of regulatory approvals, product recalls, operating restrictions, and criminal prosecution. In addition, governmental regulations may be established which could prevent, delay, modify or rescind regulatory approval of our products. Any of these actions by the FDA, or change in FDA regulations, could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Regulatory approvals, if granted, may include significant limitations on the indicated uses for which our products may be marketed. In addition, to obtain such approvals, the FDA and foreign regulatory authorities may impose numerous other requirements on us. FDA enforcement policy prohibits the marketing of approved medical devices for unapproved uses. In addition, product approvals can be withdrawn for failure to comply with regulatory standards or unforeseen problems following initial marketing. We may not be able to obtain or maintain regulatory approvals for our products on a timely basis, or at all, and delays in receipt of or failure to receive such approvals, the loss of previously obtained approvals, or failure to comply with existing or future regulatory requirements could have a material adverse effect on our business, financial condition, results of operations and cash flows, which could force us to curtail or cease our business operations.

Positive Results In Preclinical And Early Clinical Trials Do Not Ensure Future Clinical Trials Will Be Successful Or Drug Candidates Will Receive Any Necessary Regulatory Approvals For The Marketing, Distribution Or Sale Of Such Drug Candidates.

Success in preclinical and early clinical trials does not ensure that large-scale clinical trials will be successful. Clinical results are frequently susceptible to varying interpretations, delaying, limiting or preventing regulatory approvals. The length of time necessary to complete clinical trials and submit an application for marketing approval for a final decision by a regulatory authority varies significantly and may be difficult to predict.

If We Become Subject To Product Liability Claims, We May Be Required To Pay Damages That Exceed Our Insurance Coverage.

Our business exposes us to potential product liability claims that are inherent in the testing, production, marketing and sale of pharmaceuticals products. While we maintain a commercial general liability policy for $2 million, we may not be able to maintain insurance in amounts or scope sufficient to provide us with adequate coverage. A claim in excess of our insurance coverage would have to be paid out of cash reserves, which could have a material adverse effect on our business, financial condition, results of operations and cash flows and force us to curtail or cease our business operations. In addition, any product liability claim likely would harm our reputation in the industry and our ability to develop and market products in the future.

Insurance Coverage Is Increasingly More Difficult To Obtain or Maintain

Obtaining insurance for our business, property and products is increasingly more costly and narrower in scope, and we may be required to assume more risk in the future. If we are subject to third party claims or suffer a loss or damage in excess of our insurance coverage, we may be required to share that risk in excess of our insurance limits. Furthermore, any first-or-third-party claims made on any of our insurance policies may impact our ability to obtain or maintain insurance coverage at reasonable costs or at all in the future.

We Are Dependent On Third Parties For A Significant Portion Of Our Bulk Supply And The Formulation, Fill And Finish Of Our Product Candidates.

We currently produce a substantial portion of clinical product candidates' supply at our collaborative partner's Ireland manufacturing facility. However, we also depend on third parties for a significant portion of our product candidates' bulk supply as well as for some of the formulation, fill and finish of product candidates that we manufacture. Pharmaplaz is our third-party contract manufacturer of product candidates' bulk drug; accordingly, our clinical supply of product candidates is currently significantly dependent on Pharmaplaz's production schedule for product candidates. We would be unable to produce product candidates in sufficient quantities to substantially offset shortages in Pharmaplaz's scheduled production if Pharmaplaz or other third-party contract manufacturers used for the formulation, fill and finish of product candidates bulk drug were to cease or interrupt production or services or otherwise fail to supply materials, products or services to us for any reason, including due to labor shortages or disputes, regulatory requirements or action or contamination of product lots or product recalls. We cannot guarantee that an alternative third-party contract manufacturer would be available on a timely basis or at all. This in turn could materially reduce our ability to satisfy demand for product candidates, which could materially and adversely affect our operating results.

Our Corporate Compliance Program Cannot Guarantee That We Are In Compliance With All Potentially Applicable U.S. Federal And State Regulations And All Potentially Applicable Foreign Regulations.

The development, manufacturing, distribution, pricing, sales, marketing and reimbursement of our products, together with our general operations, is subject to extensive federal and state regulation in the United States and to extensive regulation in foreign countries. While we have developed and instituted a corporate compliance program based on what we believe to be current best practices, we cannot assure you that we or our employees are or will be in compliance with all potentially applicable U.S. federal and state regulations and/or laws or all potentially applicable foreign regulations and/or laws. If we fail to comply with any of these regulations and/or laws a range of actions could result, including, but not limited to, the termination of clinical trials, the failure to approve a product candidate, restrictions on our products or manufacturing processes, including withdrawal of our products from the market, significant fines, exclusion from government healthcare programs or other

sanctions or litigation.

RISKS ASSOCIATED WITH AN INVESTMENT IN OUR COMMON STOCK

If We Do Not Show Progress Consistent With Our Compliance Plan, There Is No Assurance That Our Stock Will Not Be Delisted From The American Stock Exchange ("AMEX", the "Exchange").

On April 3, 2007, the American Stock Exchange ("AMEX") notified Samaritan Pharmaceuticals, Inc. that its listing on the AMEX exchange is being continued pursuant to an extension to demonstrate that it has regained compliance with the continued listing standards in Section 1003(a)(ii) and (iii) of the AMEX Company Guide. The Company believes it has addressed Section 1003(f)(v) of the AMEX Company Guide.

Previously on November 6, 2006 and on January 30, 2007 , the AMEX Listing Qualifications staff notified the Company it no longer complies with the Exchange's continued listing standard due to its shareholder's equity of less than $4 million and losses from continuing operations and/or losses in three out of its four most recent fiscal years, as set forth in Section 1003(a)(ii) of the Company Guide; with its shareholder's equity of less than $6 million from continuing operations and/or net losses in its five most recent fiscal years, as set forth in Section 1003(a)(iii) of the Company Guide; and with its low selling price, as set forth in Section 1003(f)(v) of the Company Guide.

The Company is required by the AMEX to provide periodic reports showing progress consistent with the Company's compliance plan. If the Company does not show progress consistent with our compliance plan, the Staff will review the circumstances and may immediately commence delisting proceedings. Thus, there is no assurance that the Company will be able to maintain continued listing on the AMEX.

The Market Price Of Our Common Stock Is Highly Volatile.

The market price of our common stock has been and is expected to continue to be highly volatile. Various factors, including announcements of technological innovations by us or other companies, regulatory matters, new or existing products or procedures, concerns about our financial position, operating results, litigation, government regulation, developments or disputes relating to agreements, patents or proprietary rights may have a significant impact on the market price of our stock. If our operating results are below the expectations of securities analysts or investors, the market price of our common stock may fall abruptly and significantly.

Future sales of our common stock, including shares issued upon the exercise of outstanding options and warrants or hedging or other derivative transactions with respect to our stock, could have a significant negative effect on the market price of our common stock. These sales also might make it more difficult for us to sell equity securities or equity-related securities in the future at a time and price that we would deem appropriate.

We entered into registration rights agreements in connection with Fusion Capital and other financings pursuant to which we agreed to register for resale by the investors the shares of common stock issued. Sales of these shares could have a material adverse effect on the market price of our shares of common stock. . If obtaining sufficient financing from Fusion Capital were to prove unavailable or

prohibitively dilutive and if we are unable to sell enough of our products, we may need to secure another source of funding in order to satisfy our working capital needs.

Under Provisions Of The Company's Articles Of Incorporation, Bylaws And Nevada Law, The Company's Management May Be Able To Block Or Impede A Change In Control

The issuance of blank check preferred stock, where the Board of Directors can designate rights or preferences, may make it more difficult for a third party to acquire, or may discourage a third party from acquiring, a majority of our voting stock. These and other provisions in our Articles of Incorporation (restated as last amended June 10, 2005) and in our Bylaws (restated as last amended April 18, 2005), as well as certain provisions of Nevada law, could delay or impede the removal of incumbent directors and could make it more difficult to effect a merger, tender offer or proxy contest involving a change of control of the Company, even if such events could be beneficial to the interest of the shareholders as a whole. Such provisions could limit the price that certain investors might be willing to pay in the future for our common stock.

Officers and Directors Liabilities Are Limited Under Nevada Law

Pursuant to the Company's Articles of Incorporation (restated as last amended June 10, 2005) and Bylaws (restated as last amended April 18, 2005), and as authorized under applicable Nevada law, Directors are not liable for monetary damages for breach of fiduciary duty, except in connection with a breach of the duty of loyalty for (a) acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (b) for dividend payments or stock repurchases illegal under applicable Nevada law or (c) any transaction in which a Director has derived an improper personal benefit. The Company's Articles of Incorporation (restated as last amended June 10, 2005) and Bylaws (restated as last amended April 18, 2005) provide that the Company must indemnify its officers and Directors to the fullest extent permitted by applicable Nevada law for all expenses incurred in the settlement of any actions against such persons in connection with their having served as officers or Directors.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Unregistered Securities, were sold by the Company in the second quarter of 2007 under an exemption from registration. These shares of common stock were sold for cash, unless otherwise noted in this section, and were sold in private transactions to persons believed to be of a class of private investors acting on their own comprised of accredited investors (as such term is defined in Regulation D of the SEC) and a limited number of non-accredited investors. All investors, to the best knowledge of the Company, are not affiliated with the Company and purchased the shares with apparent investment intent. The Company relied upon, among other possible exemptions, Section 4(2) of the Securities Act of 1933 (the "Securities Act"), as amended. Its reliance on said exemption was based upon the fact no public solicitation was used by the Company in the offer or sale, and the securities were legended shares, along with a notation at the respective transfer agent, restricting the shares from sale or transfer as is customary with reference to Rule 144 of the Securities Act. During the quarter

ended June 30, 2007, the Company issued an aggregate of 116,677 shares of common stock in consideration of services to be rendered to the Company during 2007. Such shares were valued at an aggregate of $157,500 with an average price of $1.35 per share.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

ITEM 5. OTHER INFORMATION

The Company has formed, by the determination of the Board, an Audit Committee with Independent Director Mr. H. Thomas Winn as Chairman. Mr. Winn is a qualified financial expert, such a term is used in Item 7(d)(3)(iv) of Schedule 14A (240.14a-101 of this chapter) under the Exchange Act of 1934, as amended, (the "Exchange Act"). The Company has also formed a Compensation and Governance Committee, with Independent Director, Ms. Cynthia C. Thompson as Chairman; a Nomination Committee with Independent Director Mr. Welter Holden as Chairman; and a Science and Technology Advisory Committee with Dr. Vassilios Papadopoulos as Chief Scientist and Key Consultant to the Board. It should also be noted that no director or executive officer, key employee or key consultant of the Company has any family relationships with any other director, executive officer, key employee or key consultant of the Company, except Mr. Eugene Boyle, our Chief Financial Officer and Chief Operating Officer, is the son of Dr. Janet Greeson.

On May 30, 2006 the Board of Directors of Samaritan approved and adopted the Change in Control Severance Plan for Certain Covered Executives and Employees of Samaritan Pharmaceuticals (the "Plan"), effective May 30, 2006. The Plan is intended to help avoid the loss and distraction of certain key employees of the Company in the event of a change in control. The Plan has an initial term of three years with automatic three-year extensions, unless terminated by the Board at least six (6) months prior to the end of the then current term.

The Chief Executive Officer, Chief Operating Officer, Senior Vice Presidents, Vice Presidents, and Directors are eligible to participate in the Plan, and the Board may designate other employees of the Company as Plan participants. The Company shall pay or cause to be paid to the participant a cash severance calculated based on a multiplier of four (4) months of base salary for every year of service up to maximum in of either twenty four (24) months or thirty six (36) months depending on the participants job title or job category. The severance amount equals the applicable multiplier times the sum of (A) the Participant's highest annual rate of base salary as reported on the participant's W-2 for employee or on the participant's 1099 for directors within the thirty six (36) month period immediately preceding the Effective Date of the change in control and (B) the participant's maximum annual target bonus in effect upon the date of the change in control under the Company's bonus plan or the Participant's actual earned commission incentive for the last two quarters, which will be annualized, prior to the change in Control, not to exceed the target at 100% of achievement as defined in the Company's Sales Incentive Plan in effect upon the date of the change in control.

The Plan provides that, if, within three years following a "change in control" (as defined in the Plan), a participant's employment is terminated by the

Company without "cause" (as defined in the Plan) or by the participant for "good reason" (as defined in the Plan), the participant is eligible for severance benefits equal to a multiple of the sum of the participant's base salary and the higher of the participant's target bonus opportunity during the year in which the change in control occurs or his or her target bonus opportunity following the change in control. Each participant will also receive his or her salary through the date of termination, a pro rata target bonus payment for the year in which the termination occurs, a pro rata long-term incentive payment to the extent provided in the Company's Long Term Incentive Plan, and any earned but unpaid long-term incentive payments or annual bonuses. In the event that a participant becomes subject to an excise tax under section 280G of the Internal Revenue Code of 1986, as amended, the participant will generally be entitled to receive an additional amount such that the participant is placed in the same after-tax position as if no excise tax had been imposed. The Plan may be amended by the Board at any time, except that no amendment that adversely affects the rights or potential rights of a participant will be effective in the event that a change in control occurs within three (3) year of such amendment.

On May 30, 2006, the Board of Directors of Samaritan approved and adopted indemnification agreement forms for certain covered executives and employees of Samaritan. The Company has entered into indemnification agreements with each of its current directors and certain of its executive officers. At present, there is no pending litigation or proceeding involving a director, officer or employee of the Company regarding which indemnification is sought, nor is the Company aware of any threatened litigation that may result in claims for indemnification.

On August 9, 2007, the Board of Directors of Samaritan Pharmaceuticals, Inc. amended Article V, Section 2 of the Company's bylaws to allow the shares of the Company's capital stock to be either certificated or uncertificated, or a combination thereof. This change in the bylaws was required in order for the Company to be eligible to participate in the Direct Registration System ("DRS"). Under a new AMEX rule approved by the Securities Exchange Commission in late 2006, the Company is required to be "DRS eligible" no later than January 1, 2008. Participation in the DRS will allow the Company's shareholders to establish, either through the Company's transfer agent or a broker dealer, a book entry position on the stock record books of the Company and to electronically transfer shares of the Company's stock without the delivery of physical certificates.

ITEM 6. EXHIBITS

Listed below are all exhibits filed as part of this Quarterly Report on Form 10-Q. Some exhibits are filed by the Company with the SEC pursuant to Rule 12b-32 under the Exchange Act.

EXHIBIT NO.	DESCRIPTION	LOCATION
3.1	Articles of Incorporation, restated as last amended July 5, 2007	Provided herewith
3.2	Bylaws, restated as last amended August 9, 2007	Provided herewith
4.1	Form of Common Stock Certificate	Incorporated by reference to Exhibit 4.1 t Company's Current Report Form 10-SB12G as the U.S. Securities and Exchange Commissio 21, 1999.

4.2	Amended Samaritan Pharmaceuticals, Inc. 2001 Stock Option Plan	Incorporated by reference to Exhibit 4.2 t Company's Quarterly Report on Form 10-QSB with the U.S. Securities and Exchange Comm August 16, 2004.

4.3	Samaritan Pharmaceuticals, Inc. 2005 Stock Option Plan	Incorporated by reference to Schedule 14-A Information Statement as filed with the U. Securities and Exchange Commission on April 29, 2005 and approved by the shareholders on June 10, 2005.
10.1	Research, Development and Commercialization Collaboration Agreement for SP-01A dated March 28, 2007 by and between Pharmaplaz and the Company.	Incorporated by reference to Exhibit 10.1 Company's Form 10-K as filed with the U.S. Securities and Exchange Commission on Apr 2007.
10.2	Common Stock Purchase Agreement (Purchase Agreement I), dated April 22, 2003, by and between the Company and Fusion Capital Fund II, LLC	Incorporated by reference to Exhibit 10.1 Company's Current Report on Form 8-K as fi the U.S. Securities and Exchange Commissio 25, 2003.
10.3	Registration Rights Agreement, dated April 22, 2003, by and between the Company and Fusion Capital Fund II, the U.S. Securities and Exchange Commission on April LLC 25, 2003.	Incorporated by reference to Exhibit 10.2 Company's Current Report on Form 8-K as fi
10.4	Employment Agreement, dated as of January 1, 2001, by and between Samaritan Pharmaceuticals, Inc. and Mr. Thomas Lang. August 16, 2004.	Incorporated by reference to Exhibit 10.6 Company's Quarterly Report on Form 10-QSB with the U.S. Securities and Exchange Comm
10.5	Form of Trust Under Samaritan Pharmaceuticals, Inc. Deferred Compensation Plan	Incorporated by reference to Exhibit 10.10 Company's Quarterly Report on Form 10-QSB with the U.S. Securities and Exchange Comm August 14, 2002.
10.6	Master Clinical Trial and Full Scale Manufacturing Agreement, dated October 5, 2004, by and between the Company and Pharmaplaz, LTD	Incorporated by reference to Exhibit 10.10 Company's Quarterly Report on Form 10-QSB with the U.S. Securities and Exchange Comm November 15, 2004.
10.7	Common Stock Purchase Agreement (Purchase Agreement II), dated May 12, 2005, by and between the Company and Fusion Capital Fund II, LLC	Incorporated by reference to Exhibit 10.11 Company's Quarterly Report on Form 10-QSB with the U.S. Securities and Exchange Comm May 13, 2005.
10.8	Amendment to Common Stock Purchase Agreement, dated December 19, 2005, by and between the Company and Fusion Capital Fund II, LLC	Incorporated by reference to Exhibit 10.12 Company's Registration Statement on Form S filed with the U.S. Securities and Exchang Commission on December 15, 2005.
10.9	Registration Rights Agreement, dated May 12, 2005, by and between the Company and Fusion Capital Fund II, with the U.S. Securities and	Incorporated by reference to Exhibit 10.12 Company's Quarterly Report on Form 10-QSB

	Exchange Commission on LLC May 13, 2005.	
10.10	Norbrook Supply Agreement	Incorporated by reference to Exhibit 1 to Company's Current Report on Form 8-K as fi the U.S. Securities and Exchange Commissio September 27, 2005.
10.11	Research Collaboration and Licensing Agreement, dated June 8, 2001, by and between Georgetown University and Samaritan Pharmaceuticals, Inc.	Incorporated by reference to Exhibit 10.10 Company's Registration Statement on Form S filed with the U.S. Securities and Exchang Commission on July 30, 2003.

10.12	Change in Control Severance Plan for Certain Covered Executives and Employees of Samaritan Pharmaceuticals, Inc.	Incorporated by reference to Exhibit 10.16 Company's Quarterly Report on Form 10-Q as with the U.S. Securities and Exchange Comm August 14, 2006.
10.13	Samaritan Pharmaceuticals, Inc.'s Director/Officer's Indemnification Agreement	Incorporated by reference to Exhibit 10.17 Company's Quarterly Report on Form 10-Q as with the U.S. Securities and Exchange Comm August 14, 2006.
10.14	Stock Purchase Agreement among Samaritan Pharmaceuticals, Metastatin Pharmaceuticals, and the shareholders of Metastatin Pharmaceuticals.	Incorporated by reference to Exhibit 10.18 Company's Quarterly Report on Form 10-Q as with the U.S. Securities and Exchange Comm November 14, 2006.
10.15	Samaritan Pharmaceuticals, Inc.'s In-Licensing Agreement with Three Rivers Pharmaceuticals. May 21, 2007.	Incorporated by reference to Exhibit 10.15 Company's Quarterly Report on Form 10-Q as with the U.S. Securities and Exchange Comm
10.16	Samaritan Pharmaceuticals, Inc.'s In-Licensing Agreement with Molteni dated January 1, 2007.	Incorporated by reference to Exhibit 10.16 Company's Quarterly Report on Form 10-Q as with the U.S. Securities and Exchange Comm May 21, 2007.
10.17	Pharmaplaz Research, Development and Commercialization Collaboration Agreement	Incorporated by reference to Exhibit 10.1 Company's Quarterly Report on Form 8-K as the SEC on March 28, 2007.
10.18	Pharmaplaz Research, Development and Commercialization Collaboration Agreement Supplement	Incorporated by reference to Exhibit 10.18 Company's Quarterly Report on Form 10-Q as with the U.S. Securities and Exchange Comm May 21, 2007.
10.19	Research Collaboration and Licensing Agreement by and between The Research Centre at McGill University, Samaritan Therapeutics, Inc. and Samaritan Pharmaceuticals, Inc.	Incorporated by reference to Exhibit 99.2 Company's Current Report on Form 8-K as fi the U.S. Securities and Exchange Commissio 25, 2007.
10.20	Cooperative Lock Up Agreement between Samaritan Pharmaceuticals,	Incorporated by reference to Exhibit 99.2 Company's Current Report on Form 8-K as fi

	Inc. and Doug Bessert and KD1, Inc.	the U.S. Securities and Exchange Commissio 12, 2007.
14.1	The Samaritan Pharmaceuticals, Inc. Code of Conduct	Incorporated by reference to Exhibit 14.1 Company's Form 10-KSB as filed with the U. Securities and Exchange Commission on April 15, 2003.
21	List of Subsidiaries	Incorporated by reference to Exhibit 21 to Company's Quarterly Report on Form 10-QSB as filed with the U.S. Securities and Exchange Commission on August 15, 2005.
23.1	Consent of Independent Registered Public Accounting Firm	Incorporated by reference to Exhibit 23.1 Company's Registration Statement on Form S filed with the U.S. Securities and Exchang Commission on December 15, 2005.
23.2	Consent of Nevada Counsel	Incorporated by reference to Exhibit 23.2 Company's Registration Statement on Form S filed with the U.S. Securities and Exchang Commission on December 15, 2005.
31.1	Certification of Chief Executive Officer re: Section 302	Provided herewith

31.2	Certification of Chief Financial Officer re: Section 302	Provided herewith
32.1	Certification of Chief Executive Officer re: Section 906	Provided herewith
32.2	Certification of Chief Financial Officer re: Section 906	Provided herewith

(B) Current Reports on Form 8-K Filed During The Quarter Ended June 30, 2007

None.

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SAMARITAN PHARMACEUTICALS, INC

Dated: August 13, 2007

By: /s/ Eugene Boyle

Eugene Boyle,
Chief Financial Officer, Director